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ABSTRACT

This report reviews the establishment and early performance of the comprehensive manpower system established by the Comprehensive Employment and Training Act (CETA). The report is divided into two major sections. Part 1 examines the background and first year results of the CETA program. The legislative and programmatic antecedents to CETA are sketched for the years 1961 to 1973. Program results are then identified from initial implementation and the first year of operation under the following headings: implementation, planning councils, service deliverers, distribution of resources among program activities, participant characteristics, and outcomes. Part 2 discusses major public policy issues revealed from experience to date and presents those issues in four sections. Section 1 on the focus of employment and training programs discusses the population to be served, skill shortages, integration of manpower development and economic development, CETA and categorical programs, public service employment, and CETA and national economic policy. Section 2 discusses CETA prime sponsor relationship to the state employment security agencies, the relationship of vocational education and rehabilitation to CETA, strengthening the link between education and work, and defense-oriented manpower services. Section 3 discusses the integration of manpower development programs with income maintenance programs. Section 4 on the development of CETA discusses the scope of operations, mix of services, local-state-federal roles, and involvement of business and labor in CETA programs. (EM)

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COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

REVIEW AND OVERSIGHT

PART I: BACKGROUND AND FIRST YEAR RESULTS

PART II: PUBLIC POLICY ISSUES

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
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U.S. DEPARTMENT OF LABOR
EMPLOYMENT AND TRAINING
ADMINISTRATION

DECEMBER 5, 1975

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

REVIEW AND OVERSIGHT

PART I: BACKGROUND AND FIRST YEAR RESULTS

U.S. DEPARTMENT OF LABOR
EMPLOYMENT AND TRAINING
ADMINISTRATION

DECEMBER 5, 1975

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COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

REVIEW AND OVERSIGHT

INTRODUCTION

A general review is appropriate following the first full year of operation of programs under P.L. 93-203--the Comprehensive Employment and Training Act (CETA) of 1973. As stated in the act, it is the purpose of CETA to provide training, employment and other services to economically disadvantaged, unemployed, and underemployed persons, leading to self-sufficient unsubsidized employment.

--Title I of CETA creates a decentralized manpower system placing authority for planning and operating a flexible system of manpower services--including training, employment, counseling, testing, and placement--in the hands of prime sponsors which, for the most part, are States and units of general purpose local government of 100,000 or more population.

--Title II authorizes a program of developmental transitional public service employment for areas of substantial unemployment (defined as areas having 6.5 percent unemployment or more) to be administered in the decentralized manner of title I.

--Title III houses the authority for national programs (including special programs for Indians, migrant and seasonal farmworkers, and youth) and research, demonstration, and evaluation programs to be administered by the Secretary of Labor.

--Title IV contains authority for the Job Corps program, originally authorized under title IA of the Economic Opportunity Act of 1964.

--Title V provides for a National Commission for Manpower Policy to serve as an independent policy advisory group.

--Title VI (created by P.L. 93-567--the Emergency Jobs and Unemployment Assistance Act of 1974) provides for a massive temporary program of emergency public service employment jobs designed to help ease the impact of the high unemployment that the Nation has been experiencing during the past year.

--Title VII contains the necessary definitions and administrative procedures to assist in the orderly management of the act.

In broad outline, this report will sketch (1) legislative and programmatic antecedents to CETA and (2) the results of the first full year of program operations. A separate report will discuss major public policy issues which the experience to date has revealed, in an attempt to initiate a public discussion about the future for the program and for manpower policy generally.

The focus of this discussion is on the development and implementation of the comprehensive manpower system established by the act under titles I and II. Therefore, the special category programs under title III and title IV are not considered in detail.

The performance of the new CETA system in its first fledging year cannot be accurately appraised without putting it in the context of the economic developments which shaped the labor market within which it operated. Using only the rate of unemployment as the indicator--at once of the performance of the economy and of the state of the labor market--it is apparent that serious deterioration occurred during CETA's first year. The unemployment rate had hovered slightly above 5 percent during the first half of Calendar Year 1974 and had inched up to a 5.5 percent average in the third quarter (i.e., first quarter of Fiscal Year 1975--the startup of CETA). However the economy slumped rapidly thereafter, with the unemployment rate rising progressively to 6.6 percent in the last quarter of Calendar Year 1974, 8.4 percent in the first quarter of Calendar Year 1975 and 8.9 percent in the second quarter. Thus, at the end of the Fiscal Year 1975, the unemployment rate stood at about 9 percent, the highest since the end of the depression era of the 1930's.

This sharply adverse economic situation colored everything CETA did--or tried to do--in its first year. Resort to public service employment to try to stem the tide of unemployment was the almost universal response at Federal, State, and local levels of CETA decisionmaking. In short, the recession sidetracked CETA from its intended focus on preparing the hard to employ for self-sustaining jobs. With the economy on the recovery path in Fiscal Year 1976, the hard task for CETA will be to turn itself around--away from countercyclical public service employment--to address once again the essential task of providing serious skill training to non-job-ready workers in occupations which will afford them good jobs as the economy rebounds.

I. BACKGROUND: The Period 1961-1973

The Comprehensive Employment and Training Act (CETA) was enacted in December 1973, after over 12 years of national involvement in developing and operating a variety of training, employment and manpower services programs designed to assist unemployed and underemployed persons, particularly the disadvantaged, in securing and retaining unsubsidized employment. In the period since enactment of the small scale but formative Area Redevelopment Act (ARA) in 1961 until the passage of CETA in 1973, there were four major pieces of manpower legislation: The Manpower Development and Training Act (MDTA) in 1962; the Economic Opportunity Act (EOA) in 1964; the Social Security Act Amendments in 1967, creating the Work Incentive Program (WIN); and the Emergency Employment Act (EEA) in 1971. Each of these statutes (except the EEA) was amended from time to time, in an effort to adapt the programs to the growing awareness of labor market operations.

In the provisions of these laws and in their administration, at least four of the many antecedent elements of CETA can be identified.

--First, these pieces of legislation provide for varied programmatic approaches to structural unemployment, such as preparing persons for unsubsidized employment through classroom training; on-the-job training; work experience; transitional public service employment; and manpower and supportive services, including counseling, coaching, child care and transportation.

--Second, the programs focused upon target groups such as the unemployed, economically disadvantaged, youth, welfare recipients and others. In general, as under CETA, the principal focus of these preceding programs since 1961 was upon the disadvantaged, those most in need, and the long-term unemployed.

--Third, in the administration of these programs there was increasing recognition of the need to target resources where problems were most serious and to plan comprehensively for entire geographical areas.

--Fourth, there was a movement toward decentralization, decategorization, and consolidation of manpower programs. There were pilot administrative efforts over the last few years of EOA and MDTA to decentralize planning and some operations to the State and local level, closer to the problems

being addressed. Along with the growing thrust toward decentralization, there was increasing recognition of the need for decategorization of nationally determined program approaches for particular target groups to allow local program design to meet local needs. There was also recognition of the need for consolidation of the management of all manpower activities in a geographic jurisdiction to coordinate activities and to avoid duplication. The program approaches, target group emphases, recognition of the need for comprehensive planning, and the movement toward decentralization, decategorication, and consolidation during the dozen years of manpower programs which preceded CETA will be considered below.

In 1961, one part of the new Area Redevelopment Act (ARA) provided funds for skill training for unemployed persons in geographic areas of substantial and persistent unemployment. The training provided was intended to allow these jobless workers to qualify for self-sustaining employment, thereby providing a labor base to attract new business enterprises to help stimulate the economy of depressed areas. While this program was clearly of limited scope and impact, its enactment signaled the beginning of the current Federal Government commitment to fund skill training to help the structurally unemployed qualify for unsubsidized jobs.

In 1962, much broader legislation, the Manpower Development and Training Act (MDTA), was enacted to deal with structured unemployment problems which were believed to result from rapid technological change--"automation." MDTA provided for both classroom and on-the-job training to train or retrain unemployed and underemployed persons in skills which would be required in the economy with the new technology. For the first several years of the MDTA program, the great majority of available funds were expended on classroom training. The Department of Labor and the Department of Health, Education, and Welfare jointly operated the classroom training program through the State employment services, which identified the skill demand occupations and selected and placed the trainees, and the State vocational education agencies, which arranged for and certified the training institutions. Not until the development in the late 1960's, of the Cooperative Area Manpower Planning System (CAMPS) and of the Concentrated Employment Program (CEP), did attempts begin toward coordination of such MDTA skill training with other manpower activities through the planning and operation of manpower programs on a local areawide basis.

The initial MDTA programs were aimed principally at assisting experienced workers who had become structurally unemployed, many through technological change, to obtain new employment through skill training. However, as unemployment declined in the 1960's, it became evident that there were disadvantaged groups faced with particularly severe obstacles to obtaining self-supporting employment, who needed assistance to obtain steady employment even under improving economic conditions. In Fiscal Year 1967, there were two significant shifts in the program emphasis and target group focus of the MDTA program. Administrative guidelines established the goal that 65 percent of persons in MDTA projects were to be disadvantaged. In addition, 50 percent of all MDTA funds were to be used for on-the-job training (OJT), which reflected the Administration's shift of emphasis to job placement in the private sector. Additionally, in that year the EOA was amended to authorize delivery of services through Community Work and Training Programs, the central concept of which was patterned after the Concentrated Employment Program, initiated earlier that year by administrative action.

The passage of the Economic Opportunity Act (EOA) in 1964, has began a period of major focus upon special work and training programs for those disadvantaged persons who, in addition to being unemployed, possessed other characteristics which severely handicapped their ability to secure or retain self-sustaining jobs. These target groups included the long-term unemployed, older workers, youth, minorities, and other low-income persons. A variety of specialized programs was instituted to increase the employability of these target groups. Sponsors were chosen to administer projects in community program areas ranging in scope from inner city to multicounty units, to "poverty" neighborhoods, or other target areas without political subdivision boundaries. Newly established organizations, such as community action agencies (CAA's), vied with existing governments and other institutions to conduct programs and often served to stimulate responsiveness within these existing structures to the manpower and other problems of the disadvantaged.

EOA funds were not distributed by formula but on the basis of project proposals from predominantly urban sponsors such as CAA's, school systems, and city governments. There was little initial concern for coordinating service delivery. As a result, considerable duplication of services could and did occur. Several organizations, such as the employment service, the CAA, and a community-based organization could undertake recruitment, intake, and placement of participants for their separately funded program components in a single community.

In 1967, the Work Incentive Program (WIN) was established to assist employable recipients of Aid to Families with Dependent Children (AFDC) to achieve economic independence through full-time, permanent employment, and thereby reduce welfare expenditures and unemployment levels. WIN has been operated through the State employment security agencies and local welfare agencies. It provides classroom and on-the-job training, work experience, public service employment, and supportive and placement services for employable AFDC recipients.

Direct job creation in the public sector gained some limited support during the 1960's when it became apparent that, even with increased job skills through training and relatively low overall unemployment rates, some groups of persons still could not find suitable employment. Some persons with apparently intractable employment impediments were placed in temporary subsidized employment--called "work experience"--to assist them in the transition to unsubsidized jobs. Earnings were generally limited to levels only slightly about the poverty level. Special work experience programs, using public and private nonprofit agencies as worksites, were established under EOA, including Operation Mainstream which served older workers in areas where the local economy was in decline, and Neighborhood Youth Corps programs for youth. New Careers and Public Service Careers, which were two variations of combined training and subsidized employment programs, were created on a small scale in the public sector with the intent of transition of participants to full-time regular employment with public employers.

As the national unemployment rate rose to 6 percent in 1971, it became apparent that special countercyclical efforts, in addition to existing manpower programs, were required to reduce

unemployment and offset the financial hardships experienced by workers laid off as a result of the economic downturn. The primary goal of the Emergency Employment Act (EEA) of 1971 was to provide transitional employment for unemployed and underemployed persons in jobs providing needed, yet currently unmet, public services. In addition, limited amounts of training and manpower services were provided, when appropriate, to assist such persons to obtain unsubsidized employment as the economy improved. EEA differed significantly from previous manpower programs in several respects. EEA represented the first major countercyclical public service employment effort since the 1930's. It focused on creating transitional jobs and providing needed public services, rather than training and work experience, to enhance the employability of disadvantaged or structurally unemployed enrollees. EEA funds were distributed under a legislatively mandated formula to States and units of local government which were given broad flexibility in designing and operating public service employment projects. Many of these governmental units had never previously operated manpower programs. Notwithstanding the countercyclical purpose of EEA, the program also demonstrated sensitivity to other unemployment problems by giving preference to certain disadvantaged groups and emphasizing local civil service reform. Target group priorities included Vietnam-era veterans, former manpower program enrollees, youth and older workers, migrants, persons with disadvantaged backgrounds and those displaced by technological change or shifts in Federal expenditure patterns. The program particularly encouraged reform of State and local civil service systems in order to end unrealistic hiring specifications which often bar the disadvantaged from public sector employment.

Under the ARA, MDTA, EOA, and WIN programs of the 1960's, a series of categorical programs were developed to address structural unemployment and barriers to disadvantaged persons in the labor market. Under EEA, a short-term countercyclical public service employment program was introduced. In addition, through these manpower statutes, a number of special target groups were identified for priority attention. However, the proliferation of programs produced a series of often overlapping and seldom coordinated program approaches and target group priorities which frequently failed to address local needs. In addition, there was often an array of delivery mechanisms which were uncoordinated, duplicative, and without central

control. The Department's Employment and Training Administration (formerly the Manpower Administration) managed over 10,000 separate contracts. It became increasingly evident that the effectiveness of the programs suffered due to a lack of comprehensive areawide planning and management and to inadequate decentralization of planning and decision-making to the local level.

A. Adminsitration Initiatives

In the years just prior to the passage of CETA, attempts were made under existing legislation to foster comprehensive planning and decentralized decisionmaking in various degrees through such programs as CAMPS, CEP and the pilot Comprehensive Manpower Programs (CMP's).

1. CAMPS

The Cooperative Area Manpower Planning System (CAMPS), established by interagency agreement in 1967, was formalized by executive order in 1968 to bring together Federal agencies and departments for manpower planning purposes. The Employment Service was originally assigned coordinative responsibility for regional, State and local CAMPS committees. These committees served initially as interagency information exchanges, helping to identify gaps and duplication of services and to establish program linkages. Starting in 1969, Federal funds, in the form of CAMPS planning grants, were provided to Governors and, in 1970, to Mayors of large cities to increase their participation in planning the allocation of resources for manpower programs in their areas. The planning staffs hired through these grants helped the jurisdictions inventory existing manpower programs, establish more effective relationships with CAMPS committees, and study local manpower needs in order to develop local goals and priorities. The number of such planning staff positions funded annually increased to nearly 1,200 by the end of Fiscal Year 1973.

In 1972, CAMPS committees were restructured as advisory councils appointed by and responsible to State and local elected officials. Participation was expanded to include representatives of the client, business and labor communities. The councils were designed to identify manpower needs and priorities, recommend programs, foster coordination and assess program effectiveness. In addition, they assisted the local officials

in developing comprehensive manpower plans, including program funding recommendations to the Department of Labor for their areas. By Fiscal Year 1974, the CAMPS plans were utilized by Department of Labor regional offices as the basis for funding manpower programs in local areas.

2. CEP

In an effort to improve the coordination of program activities at the local level and to focus resources on target inner city areas of greatest need, the Concentrated Employment Program (CEP) was initiated in January 1967, utilizing EOA and MDTA funds. A single overall CEP sponsor, usually the local community action agency, was designated to negotiate a single contract with the Federal Government for all EOA and MDTA funds in that area--usually a limited inner city poverty area, occasionally a multicounty rural area--and was responsible for developing and administering a centralized manpower program to meet the needs of the target area. Eighty-two CEP's were established in urban and rural poverty pockets.

3. CMP

In Fiscal Year 1973, nine pilot comprehensive manpower program (CMP's) were implemented through block grants to Governors and Mayors in order to explore the feasibility of decentralizing the planning and operation of all manpower programs in a single jurisdiction. All CMP sponsors made planning and most operational decisions regarding EOA and MDTA funded programs and some incorporated EEA and WIN programs as well. Program administration was centralized under the chief elected official and some efforts were made to decategorize programs.

B. Legislative Initiatives Proposed

Growing dissatisfaction with the extensive fragmentation and complexity of the Nation's manpower programs prompted the Administration and the Congress to propose manpower reform legislation. In 1969, the Manpower Training Act was proposed by the Administration to replace MDTA and EOA and to create a comprehensive nationwide manpower services system, emphasizing State and local program planning and administration and the flexible use of manpower funds to meet local needs. However, an alternative bill passed by Congress which, while providing for a decentralized program, also included many categorical programs and large-scale funding of permanent public service jobs. Consequently, it was vetoed.

In 1971, the Administration recommended the Manpower Revenue Sharing Act, which again proposed a system of decategorized programs and decentralized administration within the context of "special revenue sharing" with States and local governments. This legislation was not enacted. The recession stimulated enactment of another categorical program instead, the Emergency Employment Act (EEA) of 1971. Finally in December 1973, compromise manpower reform legislation was enacted in the form of the Comprehensive Employment and Training Act (CETA).

Within this context of manpower program experience since 1961, the Comprehensive Employment and Training Act (CETA) of 1973 was enacted as a comprehensive approach to providing training and employment opportunities for economically disadvantaged, unemployed and underemployed persons to enable them to secure self-sustaining employment. These goals were to be accomplished through the institution of a flexible, decentralized system of comprehensive and decategorized training and employment programs planned and operated by States and local units of government, subject to Federal agency oversight.

C. Characteristics of CETA

The CETA approach may be characterized as follows:

--First, under CETA, the planning and operation of programs is decentralized and moved from Federal control to the control of State and local elected officials. This reflects the underlying assumption that local governments, which are closer to the people requiring manpower services and are accountable to them, can best plan programs and set priorities which will maximize the placement of persons in unsubsidized employment in response to the needs of the local labor market.

--Second, program operations are consolidated and coordinated. Direct Federal contracts with various local organizations are replaced by block grants to the chief elected officials which can minimize duplication and overlap and permit greater coordination with other manpower resources in the community.

--Third, decategorized resources under CETA encourage localized, flexible responses to current or anticipated manpower needs. The sponsor may develop the full range of activities permitted under predecessor legislation such as classroom training, on-the-job training, work experience, public service employment, and manpower and supportive services such as counseling, direct placement, and child care.

The three broad target groups to be served under CETA--the unemployed, underemployed and disadvantaged--were previously identified under MDTA, EOA and EEA. However, the law does not establish priorities among these target groups. CETA prime sponsors, rather than the Federal Government, can now decide which activities will be available for which target groups within the framework of changing local labor market conditions.

II. FIRST YEAR RESULTS

A number of results can be tentatively identified in the initial implementation and in the first year of operation of CETA title I and title II programs. These results are discussed under the following headings: Implementation, planning councils, service deliverers, distribution of resources among program activities, participant characteristics, and outcomes.

A. Implementation

Within 9 months of the December 1973 passage of CETA, the program was designed, grants were awarded, and participants were being enrolled. Four hundred and three (403) prime sponsors were operating title I and, where eligible, title II grant programs. Given the magnitude of the change which CETA represented to prime sponsors, in increased operational responsibilities and newly developed procedures, the implementation was rapid and reflected major efforts at the local, State, and Federal governmental levels. (Key dates are shown in the following schedule of "Implementation Milestones.")

During the brief implementation period, cities, counties, consortia, and States developed title I and II plans, established administrative structures, arranged for orderly transition to CETA of categorical programs, established planning councils, and began the hiring and enrollment of participants. Plan development required analysis of client and labor market needs, and selection of target groups, services, and deliverers. Prime sponsors had to involve the population to be served and community-based organizations in the planning process. Most of the new governmental prime sponsors accomplished this formidable undertaking with limited manpower planning experience and with little or no operational experience.

During this implementation period between January and September 1974, the Employment and Training Administration (ETA), with the participation of its 10 regional offices, and in conjunction with State and local governments and others in the manpower community, accomplished a complex array of implementation tasks. These Federal tasks involved development of Federal CETA regulations and technical assistance guides; designation of 403 prime sponsors, which included 137 consortia; development of a system for making title I allocations and allocations for title II prime sponsors down to the level of areas of substantial unemployment (ASU); restructuring and training Federal staff to undertake their new role; and reviewing and approving FY 1974 title II and EEA plans and FY 1975 titles I and II plans. The process of identifying issues, defining policies, and building a program from concepts and requirements contained in the law was accomplished in the public forum.

FY 1975 IMPLEMENTATION MILESTONES

	1973 Dec	1974 Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	1975 Jan	Feb
CETA Enacted	X														
Title I															
FY 1975 planning estimates issued						X									
Funding begins								X							
Majority of grants signed										X					
98% of grants signed											X				
Title II															
FY '74 planning estimates issued						X									
97% of FY '74 grants funded									X						
FY '75 allocations issued										X					
52% of FY '75 modifications completed											X				
93% of FY '75 modifications completed												X			
Title VI															
EJUAA enacted														X	
Planning estimates issued															X
98% of initial grants signed															X
Hiring begun in 71% of jurisdictions															X

Congressional staff, public interest groups, potential State and local government prime sponsors, and the general public assisted in the identification of problems and issues and provided valuable insights, recommendations, and comments on the Secretary's regulations.

For several years prior to CETA, the ETA had provided manpower planning grants to build State and local government manpower planning and management capability. However, only half of the 403 FY 1975 CETA prime sponsors had received CAMPS planning grants, which were all multiyear grants, and were part of a formal manpower planning system. The other half of the FY 1975 prime sponsors received operational planning grants (OPG's) for less than a year prior to CETA implementation and thus most of these sponsors had little planning experience.

Assistance in developing planning capabilities was provided through CAMPS grants to Governors beginning in 1969 and, in 1970, to Mayors of 135 large cities. Although counties were not specifically included as CAMPS grantees, several were involved as part of joint city-county planning bodies. The plans developed by CAMPS grantees were only recommendations and not determinants of ETA funding decisions until FY 1974. In August 1973, when manpower reform legislation became imminent, the Labor Department began awarding operational planning grants to cities and counties which had not received CAMPS grants but which were likely to be prime sponsors under the impending legislation. These OPG's permitted the hiring of staff to begin planning and preparation for the prospective manpower responsibilities of these jurisdictions. Shortly after CETA was enacted, OPG's were awarded to the remaining jurisdictions eligible to become prime sponsors.

Experience of prime sponsors in operating comprehensive manpower programs was considerably more limited than their planning experience. Of the 403 FY 1975 CETA prime sponsors, only about 30 had operated Concentrated Employment Programs (CEP's) or had been awarded comprehensive manpower program (CMP) grants. Most sponsors had to start from the beginning to build the administrative structures and systems and to develop the working relationships between labor, management, and governmental and private agencies necessary for implementation of comprehensive title I programs.

The transition to CETA was made more difficult by its passage in December 1973, in the middle of the fiscal year, which resulted in an abbreviated startup period. The intention of both Congress and the Administration was to implement CETA rapidly. Clearly, beginning operations on a fiscal year basis

would facilitate administration of the program. Tight time frames were thus imposed on the accomplishment of the basic tasks necessary for implementation by the beginning of FY 1975. The burdens of rapid implementation were increased by the immediate need to allocate FY 1974 supplemental title II funds which were appropriated in June 1974, as well as the transition planning required due to the fact that MDTA and parts of EOA were repealed by CETA, effective July 1, 1974.

Prime sponsors moved rapidly to join the new CETA program. Of the initial CETA title II grants supported with the FY 1974 supplemental appropriation, 97 percent were funded by August, which was just 3 months after issuance of dollar allocation estimates. By the end of the first quarter of FY 1975, 5 months after the draft CETA regulations and the title I planning estimates were issued, virtually all title I grants had been executed. By mid-year, 287,000 persons were enrolled under title I. Under title II, 56,000 unemployed and underemployed persons had been hired by the end of the second quarter. While transition from categorical programs to CETA created complex problems in many instances, the existence of ongoing categorical programs allowed a gradual phase-in to full operations under the CETA grants and minimal disruption of services to current manpower enrollees.

The rapid implementation of CETA represented a major effort by an increasingly effective local, State and Federal manpower partnership.

B. Planning Councils

Planning councils have been established as required by the act and are developing the capability to provide substantive planning advice to the prime sponsor and to monitor and evaluate CETA programs. The statute provides for the establishment of prime sponsor planning councils, representative of the community to be served by CETA. Councils are appointed by and are advisory to the chief elected official who makes final decisions on program plans. While all prime sponsors have established planning councils, there is considerable variation in the quality and effectiveness among these councils.

Composition of Prime Sponsor Planning Councils. During the first year of CETA operations, prime sponsors established planning councils composed of the legislatively required representatives. In order to assure broad community participation in the CETA planning process, the statute provides that the prime sponsor planning council be representative of the community

"to the extent feasible." In the act "representative" is defined broadly, by listing major categories of groups which are affected by, or have an interest in, local manpower policy decisions. This list includes the client community and community-based organizations--grassroot agencies such as OIC, SER, and the Urban League which have direct links with client groups--the employment service, education and training institutions, business, labor, and, where appropriate, agriculture. The statute does not specifiy percentage requirements or goals for the representation of each group and the Department has left the exact composition of planning councils to local discretion.

According to initial findings of the ETA's ongoing evaluation of CETA, the representation on the average council during the FY 1975 planning cycle consisted of 35 percent client groups and community-based organizations, 25 percent business and labor groups, 15 percent education agencies, 15 percent local elected officials, and 10 percent other groups. The planning councils included in the sample ranged in size from 8 to 71 members, with the average council having 22 members. Consortia had the largest average size--27 members--and counties the smallest--19 members.

TABLE 1

Percent Composition of CETA Manpower Planning Councils in FY 1975

Organization or Group Represented	Cities (N = 11) %	Counties (N = 24) %	Consortia (N = 15) %	Balance of State (N = 12) %
Elected Officials	5.0	8.2	10.4	18.2
ES	4.5	5.4	6.6	7.2
Education	14.0	18.6	14.4	17.0
Voc. Ed.	2.3	2.4	2.0	5.7
Business	16.7	21.4	17.0	13.2
Labor	11.8	8.0	8.1	7.2
Client Groups	23.1	19.0	20.3	10.1
Consortium Reps.	--	--	7.1	5.0
CBO's	19.3	14.0	14.2	13.9
(CAP)	(4.5)	(5.2)	(5.8)	(5.4)
(OIC)	(3.2)	(1.3)	(1.0)	(0.3)
(SER)	(1.0)	(0.4)	(0.5)	(0.3)
(Urban League)	(3.4)	(0.6)	(1.8)	(0.6)
(Other)	(7.2)	(6.5)	(5.1)	(7.0)
Other	3.2	3.0	--	2.8

SOURCE: ETA CETA Evaluation - The Role of Planning Councils and Community Participation in the Planning Process, Unpublished Data

Council Participation in Development of Plans. During the planning process for the first year of CETA programs, the majority of planning councils participated in active discussion of planning issues, but most had only modest input into program decisions. The act contemplated that planning councils would be the major vehicle for providing the chief elected official with the advice of the community concerning program goals and plans. Overall, early findings indicate that most councils did not provide major input to prime sponsor manpower plans in FY 1975. However, as council members are becoming more familiar with their role and responsibilities, more councils are becoming substantively involved in shaping comprehensive plans. Some prime sponsors have developed subcommittees, or in some instances steering or executive committees, which make more manageable the often large and unwieldy full planning councils.

Council Evaluation of Prime Sponsor Programs. The great majority of council members are well aware that one of their major responsibilities is to monitor and evaluate CETA programs, yet early indications are that few councils have actually established or carried out procedures for monitoring and evaluation. Because monitoring and evaluating ongoing programs is a critical step in improving program operations, considerable attention to this function of planning councils is necessary to increase overall council effectiveness.

Knowledge of Council Members. Although most council members, CETA administrators, and planning staff surveyed in the ETA CETA evaluation rated the quality of council representation as "adequate," the great majority of council members recognized that technical assistance and training is needed to strengthen the councils' performance. A major determinant of the level of participation and the degree of input of planning councils in performance of their designated functions is the council members' knowledge of their role and responsibilities and their familiarity with manpower programs. Some members clearly need orientation and training to improve their performance on councils. For example, client groups and employers have been well represented as a percent of total membership, yet the technical knowledge of these two groups was rated relatively low by both planning staff and council members. It can be expected that the level of participation and active input of groups such as these, without professional links to manpower programs, is likely to remain low without an ongoing system of orientation and training.

During FY 1976 the Department has planned technical assistance and training activities to improve the technical knowledge of CETA advisory council members. One type of assistance, directed towards regional office and prime sponsor staff, will

address the role of the council and alternative membership, organizational and staff support patterns which affect the functioning of councils under differing local circumstances. A second effort, already underway in some regions, will be directed towards developing orientation and training materials to be used by prime sponsors in training their council members.

C. Service Deliverers

In the first year of CETA, in general, prime sponsors did not make major changes in their selections of agencies and organizations to deliver manpower activities and services. The authority for making decisions concerning which organizations will deliver manpower services has been decentralized from the Federal to the local level. In FY 1975, prime sponsors continued to utilize agencies and organizations which delivered manpower services under categorical programs in the previous year but also selected additional agencies to deliver services. In some cases, decisions were made to increase or decrease the amount of funds the existing deliverers should receive in FY 1975, compared to their operating level in FY 1974, as well as to alter the scope of services for which they were responsible.

Existing Program Operators. In the first year, most prime sponsors decided to renew ongoing contracts with existing operators of major manpower components, such as classroom training and work experience. Although there is no firm evidence on the reasons for these first year decisions, several contributing factors are probable. In some cases, existing service deliverers were chosen on the basis of their established reputation for operating successful programs. In other cases, tight time frames and the necessity of developing basic CETA administrative structures essential for staffing, planning and operating programs, limited the opportunity for prime sponsors to develop evaluative criteria and procedures by which to judge alternative organizations. In addition, many prime sponsors, particularly those which lacked substantial manpower experience, needed technical assistance in developing such criteria and procedures for assessing the effectiveness of program components and deliverers.

In the case of manpower services, some progress was made in the first year toward consolidation of the maze of overlapping services such as recruitment, assessment and counseling. In many prime sponsor jurisdictions, centralized administrative systems are combining the delivery of particular services which formerly had been performed by several agencies.

CETA prime sponsor utilization of agencies such as the State Employment Security Agencies and State Departments of

Vocational Education (which were presumptive service deliverers under categorical programs) and of service deliverers, such as the Urban League, OIC, and SER (which operated direct national contracts prior to CETA) shows considerable variation.

State Employment Security Agencies (SESA's). In FY 1975, the number of Employment Service staff-years supported by sub-agreements from CETA prime sponsors was somewhat less than that supported under categorical programs. At the same time, the Unemployment Insurance System lost staff-years for the delivery of CETA allowances, but to a much lesser degree. In February 1975, a nationwide survey was conducted by the Department to ascertain the extent to which SESA's had gained or lost staff-years as a result of CETA implementation. SESA's showed an overall net increase in contracted services if consideration is given to the ES staff-years associated with the FY 1975 transition funds provided for the continuation and closeout of categorical programs. However, considering only the ES staff-years contracted by CETA prime sponsors, there was a decrease of 794 staff-years in FY 1975 compared to the 6,679 staff-years funded under MDTA and EOA in FY 1974. Preliminary data from a comparison of FY 1976 staff-year gain or loss indicate that a considerable increase in FY 1976 combined ES and UI staff-years has occurred since FY 1975. This comparison shows wide variations, with one SESA increasing staff-years by 229 and another decreasing by 117.

The Employment and Training Administration (ETA) is actively fostering cooperation and coordination of manpower efforts between the ES and CETA at the national, State, and local level. Two major efforts have been undertaken to achieve this end. First, the ETA has published and distributed to all prime sponsors and SESA's a Technical Assistance Guide to assist prime sponsors to assess SESA resource and to help prime sponsors and SESA's negotiate working partnerships. This CETA/SESA guide details the assistance available through the ES and describes which ES services can be provided without reimbursement from the prime sponsor and which services will be treated on an "added cost" basis. Second, the ETA has issued instructions to all SESA's, encouraging them to seek coordination in local manpower programs by establishing good working relationships with elected officials and by making their capabilities known to prime sponsors. The importance attached to effective cooperative relationships is evidenced by the fact that improving CETA/ES linkages has been identified as a major goal of the ETA for FY 1976 and FY 1977.

Vocational Training. Indications thus far are that the great majority of CETA prime sponsors are maintaining or

increasing the level of allocation of available resources to vocational training under CETA, in comparison to the utilization of EOA and MDTA funds in FY 1974. CETA mandates a direct role for local prime sponsors in the design and provision of CETA-funded vocational training services in their jurisdictions. Two sources of vocational training funds are available to prime sponsors through CETA. One is that portion of the Governor's 5 percent vocational training funds which is allocated to the prime sponsor area. The other is the regular title I grant resources which the prime sponsor chooses to utilize for vocational training activities. A survey conducted by the National League of Cities/U.S. Conference of Mayors (NLC/USCM) in the fall of 1974 gives some preliminary indications of CETA's effect on the level of resources committed to vocational training and the utilization of traditional institutions, such as skill centers and public vocational schools.

Eighty-three percent of the prime sponsors surveyed planned to maintain or increase the level of vocational training in FY 1975, compared to FY 1974 programs funded under EOA and MDTA. Table 2 shows the changes between the two fiscal years. The reasons for the increases or decreases between FY 1974 and FY 1975 are not fully known; the data show the composite of individual prime sponsor decisions based on the diversity of needs in their individual jurisdictions.

TABLE 2

How Will CETA Affect the Overall Level of Vocational Training?

	(N = 58 Prime Sponsors)		
	Maintain	Increase	Decrease
Prime Sponsors	46.6%	36.2%	17.2%

All prime sponsors surveyed, except one, planned to increase the level of vocational training provided with the 5 percent vocational training funds by using title I funds. The average title I expenditure planned for vocational education and services was 19.3 percent of the prime sponsor's total title I allocation.

The NLC/USCM preliminary indications were that the overall level of service in traditional vocational training agencies--provided with both regular title I and 5 percent vocational training funds--was about the same as the level in pre-CETA programs. However, only about 44 percent of the surveyed prime sponsors planned to provide all title I vocational training

at traditional institutions. The others were planning to exercise their flexibility and utilize other-than-traditional deliverers, such as community colleges, to some extent.

Nationally Oriented Community-Based Organizations. Contrary to the opinion that, under CETA, national community-based organizations would suffer a loss of contracts and funding, SER, OIC and the Urban League have increased substantially the number of programs operated and the dollar level of contracts with prime sponsors compared to their direct national funding in FY 1974.

TABLE 3

	FY 1974	FY 1975*	FY 1976
Urban League			
Local projects	47	75	77
Funds (millions)	$10	$16	$17
SER			
Local projects	42	48	45
Funds (millions)	$13	$20	$21
OIC			
Local projects	101	130	INA
Funds (millions)	$23	$37	INA

*FY 1975 figures are those of the national organizations and include only the funds under contract to prime sponsors. Additional CETA funds, under national contract for technical assistance and training, are as follows: Urban League - $771,000; SER - $1,375,000; OIC - $2,920,000.

While the number of "projects" and the dollar volume of services contracted to the CBO's increased, there were frequent changes in the scope of their local operations. As a rule, such organizations' role changed from that of operating a small "full service" project to that of operating all or part of a single component of a larger integrated system; e.g., outreach and intake, work experience, or skill training.

D. Distribution of Resources Among Program Activities

An essential assumption underlying CETA is that local communities can best identify local manpower needs and best design and operate programs which address them. CETA also provides prime sponsors with flexibility to change their manpower plans in response to current or anticipated changes in the labor market or economic conditions. One indication of local control and flexibility is seen in the mix of services they planned to deliver under title I and changes that occur during the grant year. The first year of CETA, which was characterized by dramatic changes in economic conditions, nationally and locally, offered an opportunity to assess local ability to respond to changing needs.

A survey of title I planned activities as they appeared in initial grant applications for FY 1975 (Table 4), before the economic downturn, shows that the planned distribution of resources among program activities generally followed the distribution patterns determined nationally through categorical programs during FY 1974. However, there was a major shift away from institutional training in all types of prime sponsor jurisdictions except cities. Cities planned significantly more classroom training than did other types of jurisdictions, probably reflecting the greater accessibility to facilities. State prime sponsors relied more heavily than others on work experience, which likely reflects the prior existence of Operation Mainstream work experience as a major manpower program in rural balance-of-State counties.

TABLE 4: Distribution of Title I Resources by Type of Activity and Type of Sponsor

Program Activity	Cities %	Counties %	Consortia %	States %	Total[1] % (N=58)	All[2] Sponsors % (N=394)	Categorical[3] Programs FY '74
Classroom Training	40	34	32	32	34	32	42
OJT	10	14	13	17	13	16	18
PSE	3	13	3	2	3	5	-
Work Experience	24	28	38	43	35	36	36
Services to Clients[4]	22	9	13	6	13	11	[4]
Other	1	2	-	-	1	1	4
	100	100	100	100	100	100	100

1/ Manpower Program data run (11/29/74), excludes eight sponsors for which data not available.

2/ Manpower program data run (12/2/74) for 394 sponsors.

3/ Manpower program data, excluding summer youth and EEA.

4/ Includes manpower and support services not directly related to another training activity. In the FY '74 data shown in the table, services to clients have been redistributed among activities.

SOURCE: ETA CETA Evaluation - Prime Sponsor Planning for FY 1975, Unpublished date.

As the year progressed and unemployment rates rose, prime sponsors, to a degree, changed their plans for expenditures of title I funds among program components. The comparison, shown in Table 5, indicates the plan changes which were made between December 1974 and June 1975. Planned expenditures for classroom training and OJT decreased by 2 percent and 4 percent, respectively, while the planned use of work experience--with public and private nonprofit organizations--increased significantly.

TABLE 5

Comparison of Title I Planned Expenditures
Among Program Activities for all Prime Sponsors

Program Activity	(% of Total Expenditure) December 1974	June 1975
Classroom training [1/]	34	32
OJT	15	11
PSE	6	6
Work Experience	33	41
Services to Clients	11	9
Other Activities	1	1

[1/] Includes funds expended from the Governor's Special Grant for Vocational Education.

SOURCE: U.S. Department of Labor

Actual expenditures show even more clearly the degree to which changes in program mix were made as economic conditions worsened. As can be seen in Table 6, expenditures through June 30, 1975, reflect a sharp decline in the percent of total resources actually devoted to OJT in comparison to what was planned as of June 1975.

A concurrent shift to work experience no doubt reflects a lack of confidence in private industry's ability to absorb CETA OJT participants under the then current economic conditions. The fact that prime sponsors made these changes rapidly and independently is an indication that prime sponsors can use CETA's flexibility to respond to shifting local conditions and needs.

TABLE 6

Title I Actual Expenditures as a % of Total Compared to Planned Expenditures as a % of Total; July 1, 1974, through June 30, 1975

	Planned Expenditures (% of Total)	Actual Expenditures (% of Total)
Classroom Training [1/]	32	31
OJT	11	8
PSE	6	7
Work Experience	41	43
Services to Clients	9	10
Other Activities	1	1

[1/] Includes funds expended from the Governor's Special Grant for Vocational Education.

SOURCE: U.S. Department of Labor

Expenditures for administrative costs in titles I, II and VI programs through the fourth quarter of FY 1975 have been within the limits set forth in the act and the Secretary's regulations. Under title I, the Secretary's regulations provide an administrative cost guideline of 20 percent of total expenditures. Nationally, administrative costs for title I programs through the fourth quarter accounted for 17.4 percent of the program expenditures. In titles II and VI, the act allows expenditures of not more than 10 percent of grant funds on administration, training or supportive services. Data through the third quarter indicate that administrative costs for title II and title VI are 4.3 percent and 3.8 percent, respectively, which is well within the limits of the act.

E. Participant Characteristics

CETA prime sponsors are serving the economically disadvantaged, the unemployed and the underemployed, which are the groups eligible for services under the act. CETA places the

responsibility with chief elected officials for identifying the individuals among these groups in the community to be served. For title I, the statute (section 105(a)(1)(D)) and the regulations (29 CFR 95.14(b)(3)(ii)(A)) require that, to the extent feasible, manpower programs be targeted to "those most in need" within these three broad categories of eligible persons. For programs under titles II and VI, for which the unemployed and the underemployed are eligible, special consideration is required to be given to persons who have been out of work for the longest period of time.

Aggregate data on participant characteristics through June 30, 1975, as shown in Table 7 below, indicate that CETA programs under the direction of State and local elected officials are serving participants in accordance with legislative requirements.

TABLE 7

Target Group Affiliation of CETA Participants
July 1, 1974, through June 30, 1975 1/

	Titles I, II, VI (Percent)
Economically Disadvantaged 2/	69.4
Underemployed	5.3
Unemployed	67.7
Not in Labor Force	24.5

1/ Total is greater than 100% since some unemployed and underemployed individuals are also economically disadvantaged.

2/ "Economically disadvantaged" is defined as a person who is a member of a family:

(1) Which receives cash welfare payments;
(2) Whose annual income in relation to family size does not exceed the poverty level determined in accordance with criteria established by the Office of Management and Budget (OMB). (29 CRF 94.4(t))

A number of comparisons follow which show the socioeconomic characteristics of CETA participants in relation to those of

participants in former categorical manpower programs and those of the unemployed population of the United States. The comparisons include the relationship between PSE participants under EEA and under CETA, titles II and VI.

CETA Title I Participants Compared to Categorical Program Participants. As shown in Table 8, title I programs, in general, are serving sersons with the same characteristics as the pre-CETA categorical programs. In each case, the participants are predominantly young, predominantly minority, and overwhelmingly economically disadvantaged. A majority have completed less than 12 years of school.

Table 8

Comparison of Selected Socioeconomic Characteristics of Participants in CETA Title I with FY 1974 Categorical Programs

		CETA Title I 7/1/75-6/30/75 (Percent)	FY 1974 Categorical Programs (Percent)
Sex:	Male	54.4	57.7
	Female	45.6	42.3
Age:	Under 22	61.7	63.1
	22 - 44	32.1	30.5
	45 and over	6.1	6.2
Education:	8 and under	13.3	15.1
	9 - 11	47.6	51.1
	12	29.3	28.6
	Over 12	9.8	5.2
Race:	White	55.7	56.3
	Black	38.5 2/	37.0
	American Indian	1.3	3.5
	Other 1/	4.5	3.2
Minority Status:	White (non-minority)	44.0	41.2
	Total minority groups	56.0	58.8
	Spanish American	(12.5) 2/	(15.4)
	Black	(37.9)	(36.7)
	American Indian	(1.3) 2/	(3.5)
	Other 1/	(4.3)	(3.2)
Family Income:	AFDC Public Assistance	{26.8}	{23.4}
	Economically Disadvantaged	(77.3)	86.7
Veterans:	Special Vietnam Era	5.2	{15.3}
	Other	4.4	

1/ Includes 0.8% Oriental/Asian and 0.1% Alaskan Native.

2/ Does not include participants in programs now funded under title III of CETA: 22,700 persons enrolled as of June 30, 1975, in the title III Indian program and 116,000 persons--many of whom are minorities--enrolled as of June 30, 1975, in the title III Migrant and Seasonal Farmworker Program.

SOURCE: U.S. Department of Labor

Characteristics of CETA Title II and Title VI PSE Participants Compared to EEA Participants. Public service employment under title II of CETA was intended by the statute to be a developmental manpower tool to assist the unemployed and underemployed secure regular jobs through transitional employment in the public sector. Title VI of CETA was intended to provide emergency countercyclical public service employment. Programs under both title II and title VI are serving the eligible unemployed and underemployed persons. In comparison to title I, participants in title II and title VI are more often males in the prime working years of age 22-44, and less likely to be members of a minority group than are title I participants. CETA title II and title VI participants are very similar to Fiscal Years 1972 and 1973 EEA participants although among the CETA participants there are more disadvantaged, fewer veterans, slightly more women and youth, and slightly more minority members. The fact that there were proportionately more veterans enrolled under EEA than CETA is attributable to the more stringent hiring requirements under EEA. Specific veterans hiring goals were established administratively for EEA programs. Under CETA PSE, special consideration must be given to veterans, but no hiring goals are mandated.

Table 9

Comparison of Selected Socioeconomic Characteristics of CETA Titles II and VI Participants with PEP Participants

		CETA Titles II & VI 7/1/74 - 6/30/75	PEP Sections 5 & 6 FY 1972 and FY 1973
Sex:	Male	67.6	72
	Female	32.4	28
Age:	18 and under	4.9	4
	19 - 21	17.9	15
	22 - 44	63.7	66
	45 - 54	8.7	9
	55 - 64	4.1	4
	65 and over	0.8	1
Education:	8 and under	9.0	(26)
	9 - 11	18.3	
	12	43.0	43
	Over 12	29.7	31
Race:	White	72.5	71
	Black	22.0	25
	Oriental/Asian	1.1	1
	American Indian	1.0	2
	Alaskan Native	0.2	(1)
	Other	3.0	
Minority Status:	White	58.7	60
	Total Minority groups[1/]	41.3	40
Family Income:	AFDC	6.2	(12)
	Public Assistance	8.8	
	Economically Disadvantaged	46.4	38
Veterans:	Special Vietnam-era	11.8	29
	Other	13.4	14

1/ Includes Spanish Americans.

SOURCE: U.S. Department of Labor

CETA Participants Compared to the U.S. Unemployed Population. Participants in CETA titles I, II and VI were far more frequently disadvantaged than the unemployed population. CETA participants were younger, less educated and much more likely to be a member of a minority group than persons in the U.S. unemployed labor force. (See Table 10 for a comparison of selected characteristics.)

TABLE 10

Comparison of Selected Socioeconomic Characteristics of CETA Participants and the U.S. Unemployed Labor Force

		CETA I, II & VI 7/1/74 - 6/30/75 (Percent)	U.S. Unemployed 7/1/74 - 6/30/75 (Percent)
Sex:	Male	57.8	54.9
	Female	42.2	45.1
Age:	Under 22	51.8	34.8
	22 - 44	40.2	46.0
	45 - 54	4.8	10.8
	55 - 64	2.4	6.4
	65 and over	0.8	1.9
Education:	Under 12	52.3	44.0
	12	32.8	39.4
	Over 12	14.9	16.6
Race:	White	60.0	81.1
	Black	34.3	18.9
	Oriental/Asian	0.9	
	American Indian	1.2	
	Alaskan Native	0.1	
	Other	3.5	
Minority Status:	White (non-minority)	47.8	75.0
	Total minority groups	52.2	25.0
	Spanish American	(13.1)	(6.5)
	Black	(33.7)	18.5
	Oriental/Asian	(0.9)	
	American Indian	(1.2)	
	Alaskan Native	(0.1)	
	Other	(3.3)	
Family Income:	AFDC	23.8	NA
	Public Assistance		NA
	Economically Disadvant.	69.4	NA
Veteran:	Special Vietnam Era	6.9	7.5
	Other	6.7	9.4

SOURCE: U.S. Department of Labor

The foregoing tables have shown that participants in titles I, II, and VI meet the requirements of the act and possess quite similar characteristics to participants in comparable categorical programs. However, available statistics show a small decrease in the enrollment in title I of persons who are, for example, economically disadvantaged or members of racial minorities, as compared to pre-CETA programs. While the causes and significance of these apparent changes cannot yet be determined, they raise questions concerning the definition of "those most in need." Statutory and regulatory language requires that title I manpower activities be provided to the maximum extent feasible to those most in need, but leaves the determination of who is most in need to prime sponsors.

One possibility is that the relative shift of funds to suburban counties and smaller cities and rural areas, has resulted in broadening the target population base of manpower programs. To all outward appearances, the programs are enrolling the significant segments of the labor force in need of service of the broader population.

F. Outcomes

Improvement in the earned income of participants and placement of participants in unsubsidized, self-sustaining employment are the fundamental evaluation criteria by which progress is to be assessed toward CETA program goals, but it is too early to make judgments on their accomplishment. These evaluation criteria reflect an intention to measure program success not merely in terms of the number and cost of placements but primarily on the basis of the quality of placements and duration of employment of workers after they leave the program. The impact of CETA participation on post-program earnings and employment will be reviewed with the aid of longitudinal surveys which track the earnings, employment, and employment stability experience of a national sample of participants for a period of 3 years from their enrollment in the program and compare it to a control group of non-CETA participants during the same period. The first results will not be available until 1977. Current information on program outputs is, accordingly, limited to quarterly report data on the number of terminations (those who leave the program for any reason), placements (those who leave the program for unsubsidized jobs), and the socioeconomic characteristics of those who terminate and those who are placed.

Prior to obtaining measurements of subsequent earned income, useful outcome indicators will include CETA placement rates, costs per man-year, and costs per placement. Not until at least six quarters of CETA operations data are available can reliable placement rates and costs be computed. However, an interim measure of the average cost per man-year is available. Estimated from data through the fourth quarter, the average cost per man-year under title I is $3,087. This compares favorably with the average man-year cost of $3,498 which it took to support an enrollee in FY 1974 categorical programs. There was great variation in the title I man-year costs. The average cost per man-year for the ten title I sponsors with the most costly programs was $6,989 and for the ten sponsors with the least costly programs was $911. The average cost of supporting a PSE participant was $8,140 under title II and $7,240 under title VI. The comparable man-year cost during the first 2 years of EEA was $7,921.

Status of Former CETA Participants. Of the 658,000 individuals who were enrolled in and left titles I, II, and VI of the CETA program during the first fiscal year, 202,300 or 31 percent were reported as leaving the program for unsubsidized employment (placements). Included in this 31 percent figure are 64,000 persons who received no employment or training services under CETA, but were instead immediately placed in jobs directly as a result of making application for the CETA programs. Also included in this 31 percent are 40,000 persons who left the CETA programs and were successful in finding jobs through their own efforts.

In addition to this 31 percent, another 30 percent (198,000) entered school or the Armed Forces or pursued another activity expected to increase their employability. Thus, those who were reported as leaving the program to accept an unsubsidized job, or to pursue some other activity expected to increase employability, totaled 61 percent of all persons who terminated from the program. The remaining 39 percent left the program for a variety of reasons not directly attributable to unsubsidized employment. These data on terminations and placements are found in Table 11.

As indicated above, 31 percent of the total terminations from CETA were placements. As shown in Table 11, placements as a percent of total terminations were considerably higher in title I than in title II PSE. These higher title I placement

rates reflect the greater title I rate of direct placements (those which occur after intake, assessment, and/or job referral services only). This is understandable considering the basic difference in the program design of titles I and II. Title I is designed to offer a comprehensive array of training, employment, and supportive services (including direct placement services for those who are job-ready) to any eligible participant in all areas of the Nation. Title II is designed primarily to provide developmental transitional employment opportunities to residents of areas of substantial unemployment with minimal additional services. The data on direct placement rates reflect this basic difference in program design.

TABLE 11

Cumulative Terminations by Status
July 1, 1974, through June 30, 1975

Type of Terminations	Total		Title I		Title II		Title VI	
	#	%	#	%	#	%	#	%
Total Terminations	658,032	100.0	553,268	100.0	70,923	100.0	33,841	100.0
Total Positive 1/	400,601	60.9	346,693	62.7	38,479	54.3	15,429	45.6
Total Placements	202,290	30.7	175,906	31.8	16,575	23.4	9,809	29.0
(Direct) 2/	64,206	(9.8)	62,850	(11.3)	1,013	(1.4)	343	(1.0)
(Indirect) 3/	98,362	(14.9)	84,507	(15.3)	9,699	(13.7)	4,156	(12.3)
(Self) 4/	39,722	(6.0)	28,549	(5.2)	5,863	(8.3)	5,310	(15.7)
Other Positive 5/	198,311	30.2	170,787	30.9	21,904	30.9	5,620	16.6
Non-Positive 6/	257,431	39.1	206,575	37.3	32,444	45.7	18,412	54.4

1/ Total Positive - Sum of "Placements" and "Other Positive."
2/ Direct Placements - Individuals placed in unsubsidized employment after receiving only intake, assessment and/or job referral services from CETA.
3/ Indirect Placement - Individuals placed in unsubsidized employment after participating in CETA training, employment or supportive services.
4/ Self Placements - Individuals who found jobs through their own efforts.
5/ Other Positive - Individuals who were not placed in unsubsidized employment but are engaged in other activities which increase employability.
6/ Non-Positive - Individuals who terminated but did not have positive status.

SOURCE: U.S. Department of Labor

G. Socioeconomic Characteristics of Those Who Were Placed After CETA Participation

Table 12 compares the socioeconomic characteristics of enrollments, terminations and placements for titles I, II, and VI. These data indicate that, for all titles, males, prime-age workers, and nonminorities, represent larger percentages of those placed in unsubsidized jobs than of those enrolled in the program. To date, no other significant trends across titles have appeared, though some trends within titles appear to be emerging. Youth, aged 22 and under, who comprised 62 percent of all participants in title I, comprised only 41 percent of those placed in unsubsidized jobs. In comparison, prime-age workers comprised 32 percent of enrollments, and 50 percent of placements in title I.

Socioeconomic Characteristics of Enrollments, Terminations,[1] and Placements[2] by Title

TABLE 12

	Title I			Title II			Title VI		
	Enrollments (%)	Terminations (%)	Placements (%)	Enrollments (%)	Terminations (%)	Placements (%)	Enrollments (%)	Terminations (%)	Placements (%)
Sex									
Male	54.4	55.4	57.2	65.8	68.3	67.8	70.2	73.9	78.5
Female	45.6	44.6	42.3	34.2	31.7	32.2	29.8	26.1	21.5
Age									
Under 22	61.7	60.2	41.2	23.7	27.3	20.9	21.4	21.5	17.6
22-44	32.1	33.6	49.7	62.9	60.8	67.1	64.8	66.6	71.8
45 & Over	6.1	6.1	9.0	13.4	12.0	12.0	13.8	11.8	10.6
Education									
8 & Under	13.3	12.8	9.7	9.4	13.2	7.1	8.4	8.3	7.2
9-11	47.6	48.9	32.9	18.3	23.2	16.0	18.2	20.8	18.4
12	29.3	29.5	43.5	42.5	40.3	44.9	43.7	43.2	46.5
Over 12	9.8	8.8	14.0	29.8	23.3	31.9	29.6	27.7	27.9
Minority Status[3]									
Non-minority	42.9	42.1	44.3	50.1	43.3	58.8	59.1	55.6	67.8
Minority	57.1	57.9	55.7	49.9	56.7	41.2	40.9	44.4	32.2
Economically Disadvantaged	77.3	76.2	69.3	48.3	56.4	44.2	43.6	46.8	35.8

1. Terminations: Total number of participants who have left the CETA program for any reason.
2. Placements: Total number of participants who have left the CETA program and entered unsubsidized employment.
3. Minorities includes Spanish Americans.

SOURCE: U.S. Department of Labor

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

REVIEW AND OVERSIGHT

PART II: PUBLIC POLICY ISSUES

U.S. DEPARTMENT OF LABOR
EMPLOYMENT AND TRAINING
ADMINISTRATION

DECEMBER 5, 1975

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COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

REVIEW AND OVERSIGHT

INTRODUCTION

The Comprehensive Employment and Training Act (CETA), enacted in December, 1973 and subsequently amended, reflects the experience of more than a decade of Federal efforts through a variety of categorical programs to prepare unemployed workers--especially the hard to employ--for non-subsidized employment. The predecessors of CETA--the Area Redevelopment Act of 1961, the Manpower Development and Training Act of 1962, the Economic Opportunity Act of 1964 and the Emergency Employment Act of 1971--provided specialized services to target groups, such as the technologically and structurally unemployed, youth, minorities, older workers, and so on. But the proliferation of programs, administered by separate and often competing sponsors, led to much overlap and little coordination; at one time, for example, these programs had over 10,000 individual contracts outstanding.

That experience led many to believe that to be effective, the planning and delivery of a manpower program should be more closely linked with the characteristics of the labor market in the locality in which it operates; it should be comprehensive, rather than piecemeal; and it should be coordinated with related Federal, State and local programs. It should provide a mechanism better to secure cooperation between private and public institutions affecting labor market performance. It should bring employers, labor organizations, educational institutions and community groups into closer liaison with public agencies. Local officials, with existing relationships to various segments of the community, were thought to be best positioned to design local programs to fit local needs. It was felt that with proper technical assistance and guidelines, these officials could construct and administer a more unified system to provide manpower services built around the characteristics of the local labor market and local needs.

At the outset, three points should be made clear. First, the operation of CETA to date is only a first step towards the development of programs more effectively to provide manpower services to those in need. Much work remains to be done within the framework of the existing statute to make the program work better in this area; continual review and improvement of operations is required at all levels of government.

Second, CETA should be viewed as an experiment in decentralized, locally determined and delivered manpower services. With this in mind, it is possible that CETA may, over time, serve a larger number of functions and persons.

Third, it should be recalled that most job placement and job training for specific jobs in the United States is done in the private sector. One needs to keep this perspective in mind in appraising the role of government in manpower activities.

CETA generally was designed to eliminate detailed categories of grants, to decentralize to local and state levels, and to unify the delivery of manpower services. It was adopted as a major step in the establishment of a comprehensive manpower system. It contained compromises and open questions, as was realized at the time of enactment. But it did respond in large measure to the general assessment of what was wrong with prior manpower efforts.

After a year of operation, it is timely to review the program, although it would be premature to reach final conclusions on this new institution. What CETA needs now is a period of stability; to work with affected groups on administration and policy development; to build more effective manpower planning and delivery systems within the existing program structure. Accordingly, recommendations for legislation are not found in these pages. Rather, the purpose is to outline a systematic discussion of some of the significant problems and issues involved in the development and utilization of human resources.

This part of the Review and Oversight is divided into four sections: (1) The focus of employment training programs; (2) CETA and other employment and training institutions; (3) integration of manpower development programs with income maintenance programs; and (4) development of CETA.

I. The Focus of Employment and Training Programs

A. Population To Be Served

The programs that preceeded CETA were aimed primarily at the disadvantaged. CETA provides more latitude; it lets chief elected officials determine which groups among the disadvantaged, the unemployed, and the underemployed will be served within the broader legislative mandate. The Act, however, stresses targeting services to those "most in need," and there are, of course, compelling social reasons to focus attention upon the disadvantaged. The idea of a more comprehensive manpower system, however, is to provide training and other services to a wider range of persons.

It might be useful over the longer-term to consider whether the disadvantaged might benefit from being part of a program which serves a broader spectrum of the labor force. Such a broad based program might well be more extensively used by employers, thereby providing the possibility of more job opportunities for the disadvantaged and unemployed. Despite the social importance of first serving those most in need, an exclusive focus on these groups over time may reduce the potential usefulness of manpower services to them, as well as to a broader range of prospective employers and job seekers.

As a means of improving the effectiveness of existing services, CETA might also be envisaged as a first step toward a broader, truly comprehensive, manpower system, which recognizes the appropriate roles of the Federal, State, local and private sectors and is designed to serve the entire labor force through the labor exchange function and through training programs.

Also in the context of existing programs, the employment and training problems of youth require more attention both in the interest of their personal development and their economic contribution. Services should be provided early so that young men and women still in school do not become disadvantaged workers later on.

B. Skill Shortages

A balanced, comprehensive employment and training system would respond to important macro-economic goals, as well as the needs of individuals. To complement economic policy, employment and training programs must be able to respond to changes in national and local labor market conditions, and to industrial development and growth.

As the pace of economic activity improves, attention needs to be directed toward dealing with potential skill shortages that could choke off a recovery. In fact, enactment of the Manpower Development and Training Act of 1962 (MDTA) was initially predicated on the need to train and retrain for skill shortages and skill obsolescence, particularly those caused by technological change. At present, CETA needs to direct more of its resources to training for skilled occupations in order to provide good, permanent jobs for the unemployed and those below the poverty line.

Skill shortages may not simply represent training problems. A shortage may exist in one labor market area while workers possessing the needed skills are unemployed in another. While the listings of the computerized job banks may link the skilled workers with the job, those workers may lack the means or interest to look for work outside the area in which they live. We have had some limited experience--under scientific and engineering programs, the Trade Act and small scale pilots--with job search and relocation programs; perhaps similar programs might eventually be considered for broader application within CETA.

C. Integration of Manpower Development and Economic Development

Under one of CETA's predecessors, the Area Redevelopment Act of 1961 (ARA), training efforts were directly linked to job opportunities anticipated as a result of industrial or economic development, and the planning for training was a direct derivative of planning for the economic development.

Since 1965, when the ARA expired, the link between Federally supported manpower training and employment planning and local economic development planning has assumed lower priority, although some connection remained under Section 241 of MDTA. MDTA/EOA (Economic Opportunity Act) program planning was concerned primarily with social goals and only coincidently with economic development planning. Economic development planning, while seeking to take into account the realities of the labor market, in most instances had little impact on the planning for employment and training programs.

Industrial and economic development need to be better coordinated with skill training efforts, job matching and worker relocation activities if the decentralized program is to serve both employers and employees in the local area. One goal of economic development is to increase and diversify the employment and economic base of the local area. This presents an obvious opportunity to integrate manpower program planning with area economic development.

D. CETA and Categorical Programs

The major aim of CETA has been to decentralize, to eliminate detailed categorical grants and, at the local level, to consolidate manpower programs. The enactment of CETA brought "bloc grant" funding and broad discretion for the first time to State, county and local government prime sponsors in designing programs, in determining the relative proportion of funding among different programs and in selecting target groups.

CETA, however, did not completely decentralize or eliminate categories of manpower programs; a number of federally administered "national emphasis" programs were retained or established under CETA, including programs for Indians and migrant and seasonal farmworkers, and the Job Corps. Since the enactment of CETA, a role has been encouraged for national organizations such as Opportunities Industrialization Centers (OIC) and Jobs for Progress (SER). New categorical programs have been established, such as Community Service Employment for Older Americans, under Title IX of the Older Americans Act, and the worker adjustment provisions of the Trade Act of 1974.

In this regard, the question arises whether to consider "localizing" some existing national programs. An attempt might be made to broaden the concept of CETA in order that a more comprehensive system could respond, on a decentralized basis, to all such concerns.

E. Public Service Employment as a Component of a Comprehensive Manpower System

As economic conditions worsened in FY 1975, more funds were directed toward public service employment (PSE) under Titles II and VI as one of several national responses to lessen the economic hardship of the recession. Countercyclical PSE hiring diverted attention from the longer-term goals of CETA--those of developing a manpower planning capability and helping those in need to find unsubsidized employment. Rather, it emphasized providing work even for the job-ready.

Although this emphasis was the right course of action early in 1975 in the face of the sharp economic downturn and rising unemployment, it now appears timely for the year ahead to begin restoring public service employment to its role as a tool for developing skills and employability of the program's basic clientele. Also, discussion might usefully begin on alternatives to a massive expansion of the Title VI-type public service employment during periods of pronounced unemployment.

F. CETA and National Economic Policy

Manpower programs are a potentially useful adjunct of national economic policy, both in a secular and cyclical sense. Programs that operate in response to conditions in particular geographic areas, industries or sectors of the economy can contribute to economic growth and stability as well as facilitate economic adjustments in the labor market.

Manpower programs must also be considered within the context of the total economy. A growing economy is essential to meet the job needs of a growing population. Between now and 1980, in addition to overcoming the 1974-75 decline

of employment, jobs must be created in the private sector to absorb the growing labor force, the influence of rising productivity and the shifts of a dynamic recovery. The key to a sustainable expansion in production and employment over a period of years lies in longer-term measures, including capital formation and labor-market based employment and training policies that are responsive to the manpower needs of local economies.

Over the longer-term--and apart from year to year events--there has been a relatively constant relationship between the amount of capital and labor used by the U.S. economy. Increased levels of employment and productivity tend to be related to an increase in available capital. While the relative amounts of these inputs may vary somewhat with the state of technology and the structure of the economy, the implication is clear that creation of a sufficient number of jobs for the unemployed, as well as for those entering the labor force, will require substantial growth in the nation's capital stock. However, as capital investment is converted into new industrial capacity, employment and training programs will be needed to provide workers with the skills essential to produce and operate the new plants and equipment.

While decentralization limits the integration of manpower policies as a part of overall planning and national economic policy, creative use of CETA by local prime sponsors improves the quality of the nation's manpower system and thus the program's contribution to broad economic goals. It provides a mechanism to bring together more cooperatively and directly the private parties and public agencies interested in labor market developments.

In this regard, CETA is a critical part of a long-term labor market policy. It has the capacity to adjust to changing conditions, including shifts in population or technology, and can if necessary, expand beyond a partial policy directed primarily at the disadvantaged to a more comprehensive employment and training policy designed to contribute to the mix of skills needed to meet the requirements of an expanding economy, without subtracting from ongoing private sector efforts in this area.

II. CETA and Other Employment and Training Institutions

A. General Concepts

CETA created a new set of local and, to an extent, State, institutions which work to enhance the operation of the labor market. Under CETA, local governments assumed roles in manpower programs that previously were the responsibility of local offices of State agencies, local special purpose government agencies (such as public schools), private nonprofit organizations, or offices of the Federal Government.

To understand CETA's attempt to rationalize these various efforts, it is important to review the evolving relationship between CETA prime sponsors and the State employment service, the State unemployment insurance agency, the public vocational education system, and the Vocational Rehabilitation Program, and consider where some gaps or overlap have resulted. The key elements of a local manpower system may encompass a large number of programs.* Over time, through the development of more coordinated planning and program operations, these and other resources might be better interrelated to enable a CETA prime sponsor and others to provide not only Title I training and services but also more readily to refer individuals to other services available in the local area.

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* These include the prime sponsor's training, work experience, public service employment programs and other supportive services under CETA; the job placement capabilities of the State employment service; the income maintenance system of the Unemployment Insurance Service; the training resources of the State vocational education system and independent training institutions in the local area; training and other employability development services for welfare recipients through the Work Incentive Program of the State Employment Service and local welfare agencies; the social services provided under Title XX of the Social Security Act through local welfare agencies; other special CETA-funded training and employment services programs such as those for farmworkers and Indians under Title III and special services under the Governor's special grant; local vocational rehabilitation programs under State agencies; labor market data gathering capabilities of State, local, and Federal agencies; privately funded apprenticeship and on the job training; the many available mechanisms for matching workers with jobs; and other available resources.

At the national level, much more can be done toward effectively coordinating and rationalizing Federal social and manpower programs, such as CETA, Vocational Rehabilitation, Vocational Education, and welfare and social services. The Secretaries of Labor and of Health, Education, and Welfare entered into a memorandum of agreement in the Spring of 1975, providing for consultation and coordination on all manpower related programs of the Departments.

Various efforts at providing technical assistance and improving interdepartmental working relationships are in progress. Nonetheless, there remain significant problems with lack of coordination and duplication of services among overlapping programs.

B. CETA Prime Sponsor Relationship to the State Employment Security Agencies

It is important that there be close communication and exchange of resources between CETA prime sponsors and State employment security agencies (SESA) to provide complementary services in local areas. While efforts are being made to assure a closer relationship, a potential issue of duplication often arises when, for one reason or another, a prime sponsor and a local employment service agency fail to get together voluntarily.

The Employment and Training Administration (ETA) is trying to encourage cooperation and coordination of manpower efforts between the SESAs and CETA prime sponsors, but the Act reserves the decision to the individual prime sponsor. In addition, the ETA is reviewing ways in which governors can more effectively coordinate the operation of State agencies with CETA prime sponsors.

Some formal relationships have developed better to coordinate CETA-SESA administration of major programs. To fulfill the requirements of the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975, for example, the ETA requires a close working relationship between State employment security agencies and CETA prime sponsors. Under this arrangement the State agencies must interview each claimant of Federal Supplemental Benefits and examine the claimant's prospects for obtaining employment in the labor market area, referring those individuals who

are detemined to be in need of training to CETA prime sponsors, and to other available approved training. Persons refusing to apply for or participate in the recommended training have their FSB payments discontinued by the State employment and security agencies.

A second example is the implementation of the Trade Act of 1974. Procedures have been issued for the development of nonfinancial agreements between the State employment security agencies and prime sponsors on the provision of services, and where necessary, for joint SESA-CETA prime sponsor requests for additional funding to provide needed training.

While it appears that these administrative efforts have been generally successful, in some cases voluntary local cooperation may not be achieved. Frequently, for example, a single employer will be contacted by a variety of government agencies asking for job openings for the same clients.

An effective manpower system must not only give individuals the skills necessary to perform particular jobs; it must also recognize the various ways in which individuals who have skills can obtain appropriate employment.

We also need to consider the extent to which CETA prime sponsors should be encouraged to contract with the State employment service for the provision of traditional ES activities, such as job development and placement. A blanket requirement would be inconsistent with the concept of maximum flexibility and diversity at the local level, and in some cases may force the use of less-than-effective resources.

On the other hand, allowing prime sponsors to provide their own job development and placement services in direct competition with the Employment Service would be wasteful; it would place the Federal Government in the position of funding duplicative and overlapping services.

C. Vocational Education and Vocational Rehabilitation and Their Relationship to CETA

While CETA mandates a direct role for local prime sponsors in the design and provision of CETA-funded vocational training services in their jurisdictions, these should serve to complement vocational training programs already working through the public and private educational system.

Two sources of vocational training funds are available to prime sponsors through CETA. One is that portion of the Section 112 vocational training funds which is allocated to the prime sponsor area. The other is that portion of the regular Title I grant resources which the sponsor chooses to utilize for vocational training activities.

One of the ETA's technical assistance and training priorities is to develop procedures for improving CETA vocational education relationships. The Department of Health, Education and Welfare is now completing technical guides for vocational education agencies within its purview and for CETA prime sponsors to facilitate exchange of information, sharing of resources, and coordinated planning.

Because vocational rehabilitation programs are directed to a subset of the groups that are the focus of CETA manpower programs, it is essential that vocational rehabilitation programs be effectively coordinated with CETA as well as with other manpower programs.

D. Education-Work: Strengthening the Link

To attack the problem of youth unemployment, the link between education, training and work must be strengthened at the local level. High youth unemployment rates represent as much a failure of the school system and its relation to work as deficiencies in the labor market. There is substantial evidence that youths who enter the labor market often lack job preparation and occupational information. In addition, there has been a growing consensus that improvement in the youth employment situation requires better relationships among the institutions involved with education and those involved with work. The Departments of Labor; Health, Education and Welfare; and Commerce, at the direction of the President, are undertaking an interagency initiative to develop an approach to improving linkages between school and work.

The President recently asked the Secretary of Labor to take the lead in this vital area. This initiative will attempt to provide technical assistance to some communities to help them carry out programs to improve the transition from school to work. The proposal would establish a network of locally supported and operated Work-Education Councils; provide leadership in the development of program approaches and techniques relevant to this field; and develop a means of disseminating information on useful approaches.

In addition, the National Commission for Manpower Policy is assessing a range of barriers that currently interfere with the transition of young people from school to work, and developing recommendations on how these barriers might be lowered through the joint action of management, labor, government and other key parties.

In particular, however, more effort should be focused on gaining the active involvement of members of local educational organizations such as public schools, junior colleges, and vocational training organizations.

E. Defense-Oriented Manpower Services

With a training budget involving billions of dollars, the Department of Defense conducts one of the most extensive programs of job training in the world. During the Vietnam era, a "Transition" program was experimented with under which servicemen scheduled for discharge underwent training for related civilian occupations during the last months of their term of service, and were assisted in finding jobs in their home community, through the joint efforts of DOL, the Defense Department, and various national trade associations and unions.

One reason that the full potential of service-related training in the civilian sector has not been realized is the difficulty of equating military with civilian skills. Military training is primarily aimed at filling military needs, but often it includes elements that can be adapted to civilian requirements. However, the extent of such training that may be transferred frequently is not readily identifiable by placement organizations or by employers when seeking veterans for hire.

The Department of Labor and the armed forces have recently agreed and are now in the process of training recruits in a formal apprenticeship program that will be recognized by civilian employers. Among the first programs to be developed are those for heavy equipment operators. Others planned are in health care, food service, transportation, and automotive maintenance.

In addition to apprenticeship, local CETA prime sponsors and local base commanders have established cooperative arrangements in a number of areas whereby service personnel can obtain civilian job training in off-duty hours. The military is also fostering the transition from school to work through an aggressive program of public relations, counseling and training designed to appeal to the needs of students who are at the stage of making career plans and commitments.

III. Integration of Manpower Development Programs with Income Maintenance Programs

A. Unemployment Insurance

The extension of unemployment insurance benefits (UI) up to a maximum of 65 weeks for eligible workers prompted interest in linking UI with training and placements programs. Public Law 94-45, enacted June 30, 1974, begins to address this issue by requiring an unemployed person who needs retraining to participate in approved training as a condition of receiving Federal Supplemental Benefits (FSB). Another aspect of this general problem has been addressed by the Work Incentive (WIN) program for employable mandatory registrants in families receiving Aid to Families with Dependent Children.

Perhaps it is time more actively to assist the unemployed, who have some skills, to enhance their capabilities to gain employment, rather than simply providing unemployment insurance benefits, since one objective of manpower policy is to minimize public cost by helping individuals gain more productive unsubsidized employment. Income maintenance programs have important short-run value, during both recessions and booms, but their potential to weaken work incentives and to dull skills should be recognized and ameliorated by greater efforts at training and placement, particularly during periods of economic slack.

B. Work Incentive Program (WIN)

The CETA and WIN programs include a number of common goals and objectives and there is substantial overlap in the target client populations and in the variety of services provided to the clients. Recognizing this, the legislation and regulations for both programs specify the concern for cooperative action. The Employment and Training Administration (ETA) has been engaged in efforts to translate these mandates into an effective local response. Currently, the ETA is developing CETA/WIN demonstration projects to assess the potential of various options for cooperation and coordination between CETA and WIN. The demonstration projects will be aimed at testing the effectiveness of different approaches to providing services to the clients of both programs and will also seek to identify problems and solutions to better linking the programs. Finally, they will try to determine the impact of legislative and regulatory requirements on the delivery of services to CETA and WIN clients, since there is still a question as to whether or not these two programs are providing duplicative services.

IV. Development of CETA

A. Scope of Operations

1. CETA Programs and Labor Market Areas

One of CETA's primary objectives is to link the planning and operations of employment and training programs to the realities of labor markets as they actually function. Manpower programs must be planned for those areas which contain both the available work force and

employment opportunities so they can be brought together through training, job development, and placement. A question arises as to whether the current 431 prime sponsors, many planning and operating programs independently, are too fragmented. In the Washington, D. C., metropolitan area, for example--which is a single functional labor market--there are seven prime sponsors and no cohesive areawide, manpower planning. In some areas, such as Seattle, such fragmentation has been minimized by the formation of a consortium. But it is questionable whether the existing incentives for prime sponsors to join together in consortia are adequate. Suggested alternatives could include an increase in the consortium bonus; enhancing the State role in assuring labor marketwide planning; establishing mechanisms for such planning while retaining control over operations within individual political jurisdictions.

2. CETA Apportionment Formula

The allocation of Title I funds to State and local prime sponsors according to the formula specified, in contrast to the distribution of Economic Opportunity Act (EOA) and Manpower Development and Training Act funds, relatively favors suburban and rural over urban areas. The allocation formula in CETA is based on the incidence of unemployment (37.5%), low income persons (12.5%), and prior year's allocation (50.0%), and distributes funds to a larger number of jurisdictions than was previously the case.

The relative shift away from urban areas was due, in large part, to the greater weight given in the Title I formula to unemployment as compared to incidence of low-income. Thus, of the 15 largest cities in the U.S., as identified in the 1970 census, 14 have funding levels which are significantly less than their earlier year's funding levels. The reduction in the allocations to many large cities, which has been occurring incrementally over the past 2 years (restrained by the 90 percent "hold harmless" provision, which limits the formula action to no less than 90% of the previous year's level), will have been completed for most jurisdictions by the end of the program's third year. In future years, the resulting distribution of Title I funds will reflect only unemployment and adult low income in the formula.

3. Labor Market Information

Because of the decentralization of responsibility to localities, the availability and utility of local labor market information is critical to CETA's operations. Thus, it is essential that the Department of Labor's local labor market information provide labor force, employment, and unemployment data for functioning labor market areas for prime sponsor planning and funding purposes. In this regard, the methods of estimating current and potential job opportunities need to be improved.

Labor market data are gathered in two ways:

(1) Current Population Survey: The Current Population Survey (CPS) produces statistically reliable data, on a monthly basis, for the nation as a whole, including labor force, employment, unemployment, and a host of subsets of these data; e.g., by age, sex, minority status, and so on. At present, the sample is large enough to yield statistically reliable data for total labor force, employment and unemployment for 27 states, 30 Standard Metropolitan Statistical Areas (SMSA), and 11 large cities. In these areas, procedures have been developed to use the annual data from the CPS as a base for producing the monthly estimates. The CPS is being expanded to provide statistically reliable estimates on an annual basis for all 50 states by the end of calendar year 1976.

(2) Areas not covered by the CPS: Since the CPS sample is not large enough to yield data for all subnational areas, a different methodology has been used to estimate State and local labor market area data where CPS data are not available. Research is currently underway to improve this methodology. At present, a count is made of unemployment insurance claims filed in each such area and an estimate of current unemployment on the basis of the historical, industry-by-industry relationships between insured and total unemployment; between unemployed but experienced workers; and new entrants and reentrants to the labor force.

Employment totals for States and major labor market areas are the result of monthly surveys of employing establishments. Employment estimates for smaller areas for which monthly surveys are not available are derived by using other sources of data. The sums of employment and unemployment in each jurisdiction yield the estimated labor force. These methods need to be perfected to build on the unemployment insurance data if local labor market information is to be secured at any reasonable expense.

By these two methods, estimates of labor force, employment, and unemployment are made for States and labor market areas. However, CETA requires that the estimates for States and labor market areas be disaggregated to produce discrete estimates for individual political jurisdictions (i.e., cities and counties) for the purpose of making allocations to CETA prime sponsors and program agents. It also requires disaggregations to even smaller geographic areas including combinations of census tracts. The method known as "census-share" was adopted for this purpose. It represents a simple apportionment of the current number of employed and unemployed in a labor market area among each of the subjurisdictions in that area in the proportion measured at the time of the 1970 census. A disadvantage to this procedure is that it is based on statistical relationships which reflect 1970 residency patterns. With the passage of time and changes in the distribution of population, the patterns measured in the preceeding decennial census become increasingly unreliable.

B. Mix of Services

CETA assigns to the prime sponsor the responsibility for analyzing the local labor market and the needs of the unemployed and, from this information, to develop training and employment programs. The Department has stated these responsibilities in regulations, and prime sponsors, with varying degrees of success, have complied. However, most of their efforts have been directed to the development and implementation of the basic Title I programs and to managing a massive public service employment program in Titles II and VI.

1. Quality of Training

Due to the desire for rapid implementation and the general lack of local sophistication in manpower planning, in the first year of CETA many prime sponsors developed training programs which copied or continued the programs funded by the Manpower Training and Development Act and the Economic Opportunity Act, which were in place before CETA. Economic events then diverted attention to public service employment, and only recently have sponsors begun to examine the quality and responsiveness of training programs in the following areas:

a. Relation of Training to Labor Market Need

It is unclear at this juncture, the extent to which sponsors are designing programs that will feed directly into effective or expanding labor market demand. Certain features of CETA encourage activity in this direction. Representative planning councils, with active members drawn from business, labor, government and other groups in the community, can play a role in planning a useful mix of services for the needs of the local labor market. Also, flexibility in the use of administrative funds lets sponsors direct resources into labor market analysis. Next, sponsors can work with employers and labor groups to develop course curricula and, finally, there is the potential for local working relationships with the Employment Service, apprenticeship programs, and other Federal, State and private manpower programs.

On the other hand, there are several impediments to effective labor market planning by CETA prime sponsors. First, there is often political pressure from institutional trainers to stay with standard deliverers and standard training courses. A second problem is the lack of geographically detailed labor market information. Third, businesses tend to select and train without attention to the structurally unemployed or disadvantaged. Augmenting this is the lack of trained and skilled manpower planners in local or State governments, and finally, there is, in some instances, a lack of properly structured or representative planning councils. The Federal experience has included realization of the difficulty of obtaining good planning. We should seek to ensure that sponsors can build upon this observation.

b. Training Content

It is uncertain whether the training conducted by CETA prime sponsors meets the standards expected by local business and industry; in this regard, it is important that business and labor participate in the design and operation of training programs in order to improve the link between the character of training and the types of jobs available. Since CETA prime sponsors thus far have predominantly used traditional training courses and institutions, it appears that insufficient effort has been made to adapt the areas of training or the content and quality of training to the expectations of local employers and the needs of others in the client community. Technical assistance in this area should be provided reflecting the experience of previous Federal efforts.

As the economy continues to improve and more attention is given to Title I, CETA participants must be equipped with skills which offer them a maximum of quality employment opportunities in the labor market. This prompts several questions. Should CETA sponsors concentrate on remedial and preparatory training and rely on local business and industry to provide the technical skill training? Should CETA sponsors concentrate on training for traditional types of employment (clerks, welders, mechanics, etc.) and let business and industry continue the more technical training? If CETA sponsors are going to relate training to demand, how can they go about redirecting the institutional deliverers to redesign their training programs to meet these needs?

2. Public Service Employment (PSE)

As increasing amounts of funds were made available for PSE under Title II and Title VI, a number of problems and concerns arose concerning the purposes of CETA, PSE, the use of PSE as a counter-cyclical tool, the appropriate target groups for PSE, maintenance of effort, and the problems of political patronage and nepotism.

a. Diversion of Attention to PSE in FY 1975

In December 1974, in response to indications that prime sponsors were hiring PSE participants at rates far below planned levels, prime sponsors were required to

hire promptly the maximum number of unemployed people in jobs under Title II. The passage of Title VI, at approximately the same time, added an aditional $875 million to the $715 million in FY 1974 and FY 1975 Title II funds already available.

This emphasis on PSE hiring had two major effects. First, it temporarily diverted program attention from the basic goal of both Titles I and II of CETA. And, second, it blurred the intended purpose of CETA public service employment under Title II as transitional, developmental employment for the unemployed in areas of substantial unemployment.

With the upcoming emphasis on planning the transition out of emergency PSE, we must manage the process more carefully so that ongoing CETA programs receive appropriate direction.

b. Public Service Employment as a Counter-cyclical Tool

While a public service employment program creates jobs relatively quickly, there are drawbacks to the use of public service employment as an extensive short-term counter-cyclical tool.* Over time, the impact of PSE on net job creation is reduced through the "substitution" of Federally-funded PSE positions for positons planned to be funded from local revenues. In addition, present statutory restrictions on supervision and equipment costs--designed to maximize the number of jobs created--limit the absorptive capacity of sponsors.

c. Target Groups Under CETA PSE

Some community groups and other observers have objected that PSE is not serving the economically disadvantaged. However, many prime sponsors defined those "most in need" of PSE as the economically disadvantaged and enrolled them as participants. Participant characteristics in the second half of FY 1975,

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* See, for example, a report by The National Commission on Manpower Policy entitled: "Proceedings of a Conference on Public Service Employment," May, 1975.

in contrast to the first half of that year, show that PSE participants hired later in the year were better educated, more often white, of prime working age, and were less economically disadvantaged. Thus, it appears that sponsors indeed began to hire less disadvantaged persons in response to rising unemployment of these groups. However, the fact that a smaller proportion of economically disadvantaged persons were hired during the last half of FY 1975 is not necessarily evidence that the mix of participants served departed from legislative intent.

Also, statutory requirements in Titles II and VI limit the ability of prime sponsors to focus on the economically disadvantaged since the legislation mandates that special consideration also be given to veterans, the long-term unemployed, former manpower program participants, and that priority consideration be given under Title VI to UI exhaustees, persons ineligible for UI and those unemployed 15 weeks or more. These competing national priorities lessen the extent to which local officials can independently determine the segments in greatest need in their communities and establish priorities among them.

d. Maintenance of Effort

The intent of the "maintenance of effort" provisions of the statute is to ensure that employement opportunities created in the public sector result in a net job increase and are not used to substitute Federal funds for local revenues.

Maintenance of effort provisions are standard in grant-in-aid programs and have been utilized under prior manpower legislation without much controversy. Of course, the substitution of "Federal" job slots for jobs previously funded locally will occur over time, even in periods of economic growth, as local governments begin to plan for an annual influx of Federal resources. An evaluation of the Emergency Employment Program, conducted by the National Planning Asociation in 1972, for example, estimated that the net job creation effect (the number of participants who held jobs that would not have existed unless there had been PEP funds) was only 54 percent.

But increased concern with the maintenance of effort issue grew out of the recent serious budget deficit problems of many political jurisdictions which led to the layoff of municipal employees. The large number of local government layoffs has also prompted debate between those who favor recalls and those who would continue giving priority consideration to the long-term unemployed. The controversy is heightened when layoffs of regular government employees cause the layoff or "bumping" of CETA participants. Whereas the Act requires PSE sponsors to give special consideration to hiring the long-term unemployed, hiring any person into a job when another person is on layoff from the same or substantialy equivalent job is also prohibited.

Similarly, if CETA participants are hired into positions from which regular employees are later laid off, the statute provides only two options: Either the CETA employees be transferred to non-affected positions or that they be laid off. In spite of the financial problems of many jurisdictions, data on recalls (the number of participants employed by the prime sponsor 6 months prior to their enrollment) indicates that for the first 4 months of FY 1975 only about 3 percent of participants in Titles II and VI were recalls.

Public service employment under CETA was never intended to become a vehicle for solving the budget problems of local governments. Assuring compliance with maintenance of effort provisions is an extremely difficult task requiring careful examination of budget documents, staffing plans, and revenue statements.

e. Preventing Political Patronage and Nepotism

Violations of regulations prohibiting patronage and nepotism have occurred and mar the overall good record of most prime sponsors. Such violations have been quickly investigated and constitute a minute aspect of the PSE program.

In sum, the rapid growth of PSE has produced a wide range of issues and problems that need to be addressed to ensure that PSE becomes an effective long-term manpower tool.

C. Local-State-Federal Roles

The administration of a decentralized manpower program raises questions concerning the appropriate roles of the different levels of government involved. Involvement of government at all levels--Federal, State and local--is necessary for the success of an efficient and effective program. Attitudes range from the belief that strong Federal control is critical to the program's success to the belief that a manpower program that meets the needs of the local labor market can only be accomplished with unfettered State and local government control. Between these extremes there are various possible combinations of involvement by the different levels of government.

1. Local Role. CETA is premised largely on the concept that the planning, development and operation of manpower programs can be best accomplished at State and local levels, where the changing needs of the population and the realities of the local economy can best be understood. Planning and operating programs under CETA could be performed by a variety of local agents; however, local elected officials are given this responsibility. Such officials are generally considered to be sensitive to the needs of local interests and in touch with important groups in the business and labor communities and others in the community-at-large. In addition to their role as the grantee or responsible official for a variety of other State or Federal programs, these officials are directly accountable, through the electoral process to the people of the community.

Discussion of the independent role of local officials often revolves around the ability of chief elected officials and local bureaucracies to respond to the needs of a broad local constituency. In response to this, the Employment and Training Administration has discovered that, in the first year of operations, prime sponsors generally served the segments of their populations needing services and, in fact, maintained a close relationship to the population served under previous categorical programs; evidence of nepotism and patronage was limited.

2. State Role. The State role under CETA has been far more difficult to clarify and implement, due partly to the complexity of its role as program operator, coordinator, and evaluator, and partly to ambiquity in the statute. To foster the State's role, governors receive "Special Grants to Governors" which are composed of the 5 percent of Title I funds for vocational training services in prime sponsor jurisdictions, 4 percent of Title I funds for coordination and special statewide manpower services, and 1 percent of Title I funds for staffing and support of the State Manpower Services Council. Governors also receive Titles I, II and VI grants for services to balance-of-State areas which do not fall within the jurisdictions of independently eligible prime sponsors within the State.

a. Special State Services. Under Section 106 of the Act, State plans must work to better the operation of agencies delivering services and the local prime sponsors throughout the State. There are also a variety of optional activities under Section 106, such as services by State agencies, manpower services to rural areas, development of labor market information, technical assistance to prime sponsors, and sponsoring model training and employment programs.

Based on surveys of State operations in FY 1975, the 4 percent special State services funds were used mainly to fund projects for special target groups. Few dollars were directed towards improving the coordination of resources between State agencies and local prime sponsors. The ETA is working closely with the National Governors' Conference to expand efforts to achieve greater coordination.

b. State Manpower Services Council. The Governor appoints the chairman and members of the State Manpower Services Council (SMSC) in accordance with the composition required by the Act. The SMSC reviews plans of each prime sponsor and the plans of State agencies which provide services to these prime sponsors, and is charged with continuous monitoring of the operation of programs conducted by each prime sponsor and of the services of State agencies. The SMSC's make recommendations to prime sponsors, State agencies, and the Governor on ways to improve the effectiveness of such programs.

SMSC's have been in operation for over a year. However, the Employment and Training Administration evaluation of CETA has found that State officials had relatively little impact on either the plans or operations of local prime sponsors during FY 1975. Furthermore, the evaluation found that some staff from the SMSC reported that, while they or council members had formulated procedures for review of prime sponsor plans and monitoring of local programs, these procedures were generally not applied in FY 1975. These findings are generally confirmed by the August 1975 National Governors' Conference report on SMSC's. Furthermore, the National Governors' Conference report indicates that SMSC review of plans of State agencies is even less extensive. The ETA is developing technical assistance guidance to improve State Manpower Services Council understanding and performance of their basic responsibilities.

c. Vocational Training. The Governor is required under the Act to allocate the 5 percent Section 112 vocational training funds to prime sponsor areas. Also, nonfinancial agreements for the use of these funds in prime sponsor areas are negotiated between prime sponsors and vocational education agencies. The law is quite limited in its guidance on the use of these monies and the Labor Department's regulations have allowed use of these funds for classroom training costs and for participant allowances and manpower and supportive services.

In the initial implementation of the CETA vocational training program, there were difficulties in working out the administrative arrangements between State vocational educatonal boards and prime sponsors. In FY 1975, there were thus many delays in the utilization of these funds. In FY 1976, there are indications that these agreements have been completed far more rapidly than in the first year, but isolated problems remain. In the initial year of CETA, there were often disagreements between State vocational educational boards and prime sponsors on what constituted allowable activities, and there often was a lack of adequate planning and coordination between the 5 percent vocational training program and the overall prime sponsor programs. In some cases, the ETA did not take sufficiently rapid action where disagreements developed, but many of the initial problems in operation of the CETA vocational training program have been reduced and the Department of Labor is working with the Department of Health, Education and Welfare to seek improvements.

d. Balance-of-State Programs. The degree of coordination of Special Grant programs with administration of Title I, II and VI programs in balance-of-State areas varies widely among States. In some States, State manpower staff have responsibility both for administration of the balance-of-State CETA program and for monitoring prime sponsor programs (including balance-of-State). The role of the governors and the heads of the State employment service and vocational education program is pivotal in the integration of the State's manpower-related activities with local prime sponsor activities. In this regard, many would also argue that the States' role is ambiguous, making it difficult for the States to fulfill their responsibilities. Because of the importance of States in the delivery of manpower services, we should continue to identify methods of improving State participation in CETA.

3. Federal Role. We are continuing to define the role of the Federal Government in the implementation and administration of local comprehensive manpower programs.

a. Legislative Intent. The Federal role as undertaken by the Department is based upon the compromise position developed during the passage of CETA in 1973. As stated by Chairman Perkins in the House floor debate in December 1973: "The compromise was to decentralize the planning and administration of manpower programs to State and local governments, but to require a careful Federal review and approval of the local plans to place squarely with the Secretary of Labor the responsibility for seeing that the conditions and special requirements of the law, as well as its general purpose, are in fact carried out."

This concept of the Federal role left much leeway for conflicting views to emerge during the past year of operations. However, based upon the Act, the committee reports, and floor debates, the legislative intent can be summarized as follows:

> While there should be a strong and active Federal role at all stages of planning, review and implementation, the Secretary should not second guess the good faith judgment of the prime sponsor in developing and implementing a program to meet the needs of the area.
>
> The Federal Government should not intrude in the day-to-day operations or decision-making process of the prime sponsor.

The Secretary may not rely on certification alone to ensure that Federal funds are expended in accordance with the law. He must exercise his own independent judgment. He is expected to look behind the certifications of compliance, primarily through a process of regular auditing, spot checking and followup on complaints of interested parties.

b. Elements of the Federal Role. The four most significant elements of the Federal role are: establishing national objectives, priorities, and performance standards; providing technical assistance; reviewing and approving plans; and assessing and evaluating performance.

(1) Establishing National Objectives, Priorities and Performance Standards

There is a clear Federal role in interpreting national objectives and priorities, and in establishing performance standards for manpower programs. First, the Department states, in the Federal regulations and other issuances, the overall objectives of the Act. Second, the Department makes known and works toward specific objectives and goals which have been developed by the Congress through the appropriations and oversight process. Third, the Department makes known priorities established by the Executive Branch to meet specific problems, such as, services to veterans. Fourth, the Department works with sponsors to include objective standards by which the Department, sponsors and the public may review and assess performance against plan.

While these tasks are relatively easy to enunciate, in practical terms the rationalization of national priorities is very complex, and conflict is inevitable at the national level; when local priorities are factored in, the process becomes even more difficult.

(2) Technical Assistance

The broad responsibilities of prime sponsors under CETA for planning and operating manpower programs, often require technical assistance by the ETA, in such areas as planning and financial management, both to improve the programs of sponsors and as a means for the Federal government to review the sponsor's performance.

A series of more than a dozen Technical Assistance Guides on a variety of subjects ranging from a Fiscal Activities Guide and a Management Information System Guide to a Community-Based Organization Guide have been

issued by ETA, and others are being developed. Manpower Training Institutes are being established in each region to provide continuous training for Federal and prime sponsor staff.

The capability of ETA staff to provide effective technical assistance particularly on an individualized "one-on-one" basis to prime sponsors must be developed further, particularly with regard to the growing body of technical knowledge and experience in the manpower field.

Finally, it is important that the Employement and Training Administration undertake active research and development efforts to compare results of various program efforts. Further, the ETA should provide examples of innovative program models and a range of alternatives to prime sponsors seeking to improve their performance.

(3) Review and Approval of Plans and Modficiations

The Secretary has the responsibility to review and approve prime sponsor plans to assure that they are in accordance with the purpose and provisions of the Act, and the Act requires that prime sponsors, as a condition of financial assistance, submit a comprehensive manpower plan "in such detail as the Secretary deems necessary. . ." In Section 108, the Secretary is responsible for review of plans to see that they meet the conditions for Federal funding.

In helping prime sponsors design plans, emphasis is given to the provision of technical assistance which, while aiding sponsors, also allows ETA to look behind the certification of compliance to determine whether or not the prime sponsor's plan is consistent with the provisions of the Act and regulations (House Report 93-659, pp. 8-9).

The regional offices of ETA review plans and judge their adequacy based on nationally uniform standards. Plan disapproval is viewed only as a last step when all efforts to resolve problems have been exhausted. To date, although plans have been returned to sponsors for corrections and mutually agreed-upon changes, no plans have been disapproved. If the prime sponsor

disagrees with the judgments and determinations of the ETA, it has recourse to a public hearing and the judicial review process.

(4) Assessment of Performance

Assessing the performance of CETA prime sponsors involves three types of activities: reviewing compliance; assessing performance in relation to the goals in the approved plan; and evaluating program impact or effectiveness.

i. Compliance Review.

The plan approval process is intended to ensure that the prime sponsor's plan is in compliance with the requirements of the Act. There is, however, a further responsibility for reviewing the program to ensure that operations are in accordance with the assurances and certifications made by the prime sponsor; and that Federal funds are properly expended. Procedures adopted to carry out these responsibilities include: onsite spot checking for compliance with assurances; investigation of allegations and complaints; audits by DOL staff; review of recurring Federal reports; and special reports by the prime sponsor. Spot checking includes onsite inspections of such areas as EEO activities, working and training conditions, and participant eligibility.

If the results of such procedures indicate noncompliance with assurances or inadequate financial management systems, the Department may require corrective action and, at the request of the prime sponsors, provide technical assistance to remedy the problem. In extreme cases, the Secretary may revoke the plan, in whole or in part, and directly operate a program in the sponsor's jurisdiction, although such action has not been necessary to date.

ii. Assessment of Performance Against Plan and Corrective Action.

The Department of Labor has the responsibility to insure that the prime sponsor is operating in accordance with its approved plan by comparing actual accomplishments to the goals established for the grant period

in the approved plan. The Employment and Training Administration requires reports, such as the quarterly Program Status Summary and the Financial Status Report, and undertakes onsite reviews. At least once each quarter, representatives of the ETA discuss with the prime sponsors performance against plan for the preceding period.

Many prime sponsors have found monthly reporting for public service employment programs burdensome, but such reporting has been considered necessary in order to make programmatic decisions and to be responsive to Congressional inquiries. However, the Department expects to phase out the monthly PSE report as soon as economic and program conditions no longer warrant such frequent submissions. Other methods of eliminating unnecessary paperwork will also be explored.

Upon determination of inadequate performance, the ETA may require the prime sponsor to develop a corrective action plan that may include technical assistance from Federal staff or other sources. If continued performance reviews indicate that operating problems have not been solved, the Secretary may take further action such as reallocating funds or disapproving new funding upon determination of the prime sponsor's failure to demonstrate maximum efforts to implement the provisions in the prior year's plan.

Of particular importance in taking such actions is the prime sponsor's responsiveness and readiness to modify its plan in response to changes in the economic conditions in its areas. Section 105 of the Act requires prime sponsors to assure in their grant agreements "that to the maximum extent feasible manpower services. . . will be provided to those most in need of them . . ." Furthermore, the House report states: "It is intended that prime sponsors will seek modifications in their approved plans where changes in local needs and conditions warrant them." The Secretary's regulations for FY 1976 (Sec. 92.22(e)) provide that the Assistant Regional Director for Employment and Training may request a reassessment of the responsiveness of a prime sponsor's program to changing economic conditions.

The modification process has been a point of serious contention to many prime sponsors. In FY 1975, a few sponsors went through a dozen or more modifications for the Title I plan alone. Each modification meant reprinting the entire plan and, in some cases, republication in newspapers over the State; and some prime sponsors viewed the use of the modification process as arbitrary. Attainment of a proper balance between the prerogatives of the prime sponsor "to make mistakes" and the Federal responsibility to seek effective use of Federal tax dollars is an issue of continuing concern.

iii. Effectiveness Review.

The DOL continuallv reviews the CETA program and use of grant funds based on recurring Federal reports submitted by the prime sponsor, special reports required of the prime sponsor from time to time, and special studies, including onsite visits, conducted by the DOL. In order to facilitate such review, the DOL requires that the prime sponsor maintain specific records and information. In addition, an evaluation of the results of overall decentralization of our manpower programs is also being undertaken.

iv. Personnel Development.

The ability of the Federal Government to assure that CETA prime sponsors provide for the effective delivery of manpower services is dependent both upon the ETA's ability to provide technical assistance as well as to ensure compliance, and in this regard major efforts are underway in the areas of staff training and the development of technical assistance delivery mechanisms. Technical assistance personnel must not only be highly skilled in particular substantive areas, but also must be committed to the program concept and sensitive to the needs and interests of prime sponsors. In particular, it is important they be attentive to the seemingly conflicting ends of compliance and program-strengthening that are served by general technical assistance activities. Drawing upon experience to date, additonal work on personnel training and development is necessary.

D. Involvement of Business and Labor in CETA Programs

Involvement in manpower programs by business and labor was sought in the various pre-CETA programs over the past decade and this involvement continues under CETA. Much greater attention needs to be directed to

effectively involving business and labor in CETA, as they are important sources of planning information and job and training opportunities. Only their active participation and that of other affected and interested groups can result in well-planned, well-operated, comprehensive manpower programs.

Even though there was much Federally-funded manpower activity in the private sector in the years prior to CETA, there were limitations to the utilization of private employers for publicly funded manpower training. Many employers decided not to participate in on-the-job training (OJT) programs, in part at least because they felt the incentives to participate did not outweigh the administrative burdens. In addition, many companies--particularly large, unionized employers--conducted their own training programs as part of their regular management system and in fulfillment of collective bargaining agreements, further lessening their interest in public manpower efforts.

At the national level, the Department has been encouraging the involvement of business and labor in CETA through national contractual relationships with the National Alliance of Businessmen (NAB) and the AFL-CIO's Human Resources Development Institute (HRDI). The National Alliance of Businessmen, a voluntary association of local businessmen formed 7 years ago and supported with Federal funds, promotes business involvement in manpower programs through direct hires of unemployed persons, participation in OJT contracts, hiring of summer youth, and participation in CETA planning councils. HRDI, with staff in 50 large cities, encourages union participation in local manpower programs, and explains CETA to local unions whose companies have received a contract from the local prime sponsor. A national contract to foster union involvement in CETA has also been awarded to the United Automobile Aerospace and Agricultural Implement Workers of America.

Another initiative to stimulate business involvement with manpower programs has been taken at the national level by the National Commission for Manpower Policy. The Commission has begun a dialogue with the business community to discuss strategies to get the business community more involved at the local level in manpower efforts.

Outside of CETA another effort involving business is concerned with stimulating the hiring of disadvantaged persons by private employers, which is promoted by the use of tax credits to employers of welfare recipients. Two parallel tax credits are now available: The WIN tax credit, under the Revenue Act of 1971, and the welfare tax credit, under the Tax Reduction Act of 1975. Although there are differences in eligibility and retention requirements and in expiration dates, both credits provide that when a private employer hires workers on welfare, he may claim tax credit on their cash wages. Studies on the extent and impact of usage of these two credit provisions are currently underway and the results will help in assessing whether wider application of employer tax credits is advisable.

In working toward greater business involvement, we also need to understand that the local plant manager of a national corporation may need backing from corporate headquarters in accommodating overall corporate policy to the unique needs of the local area. Still, the most critical point for involvement of the business community is at the local level, as this is where local employers can aid in planning by providing guidance and information on job openings and skill needs as well as other types of information and assistance. More directly, job placements and training efforts depend critically upon the interest of employers at the local level. Probably the best way to ensure sustained employer participation is to structure local programs and services so that it is simply good business to participate in and utilize local manpower services.

V. Summary

Reflecting over a decade of experience in a variety of manpower programs, CETA is an important step which seeks the development of a more comprehensive, locally-determined manpower delivery system. It was the first attempt to apply Federal resources to locally determined needs, and in that respect it was a landmark in the development of social programs. While its general direction has been set, a variety of administrative and policy issues remain unresolved and here, experimentation and careful scrutiny over a period of years will be needed.

These issues and the program's progress must be assessed in the context of broader manpower policy issues. Also, in appraising the role of government manpower programs, it is important to keep in mind the fact that most placement and job training in the United States is not done by the government, but by the private sector. Thus, in the process of designing and delivering manpower services to those in need, there is a need for government to work in cooperation with existing private sector institutions and programs to achieve broader national manpower goals.

Rather than requiring substantive legislative changes, the program needs a period of stability in which to gain operating experience and evaluate its use of the flexibility provided for in the statute.

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